



NEWSLETTER

Volume 2, Number 1

January, 1998

Canadian Chapter News

TI-CANADA IN OTTAWA

On the morning of November 19, TI-Canada held a working meeting with Canadian federal government deputy ministers and senior government officials from Foreign Affairs and International Trade, Justice, Industry Canada, Privy Council Office, Public Works and Government Services, and Treasury Board, at the invitation of the President of CIDA, Madame Huguette Labelle. The purpose of the meeting was to introduce Transparency International as an international anti-corruption coalition and to discuss the need for Canadian Government leadership in international efforts to curb corruption and bribery in international business transactions. The morning session, co-chaired by Dr. Cragg, Chairman of TI-Canada, and Madame Labelle, was followed by a luncheon hosted by The Honourable Diane Marleau, Minister for International Cooperation (CIDA). The luncheon was attended by a number of ministers, deputy ministers and other senior government officials. The purpose of the luncheon meeting was to encourage a coordinated government response to the problem of corruption. The luncheon was followed by a TI-Canada afternoon workshop sponsored by David Kilgour, Minister of State for Africa and Latin America, and attended by approximately forty representatives of government departments whose cooperation is essential to the development of a coordinated Canadian anti-corruption strategy.

Accompanying Wesley Cragg, Michael Davies and Ian Marshall (TI-Canada Board Members), were Jeremy Pope (Managing Director of Transparency International), who joined us from London, Vice Chairman of the TI International Board, Frank Vogl, the CEOs of three Canadian multinational corporations, Robert Gillespie (GE Canada), John Willson (Placer Dome), and Vic Zaleschuk

TRANSPARENCY INTERNATIONAL CANADA

WORKSHOP ON OECD ANTI-CORRUPTION CONVENTION AND ANNUAL GENERAL MEETING

March 24, 1998

08:30 - 16:45

Nadal Management Centre
York University
222 Bay Street, Suite 500
Toronto, Ontario
(see insert for further information)

(Canadian Occidental Petroleum), Clive Allen (Senior Vice President and General Counsel of Northern Telecom) and John McWilliams (Senior Vice President, General Counsel and Secretary of Canadian Occidental Petroleum). The multi-national company participants focused their contribution on illustrations drawn from their experiences of the harmful impact of corruption on Canadian companies in their international operations.

Discussion throughout the day focused on the global nature of both small and grand corruption. Trends in responses to corruption in developing countries and international organizations were outlined and discussed. Jeremy Pope highlighted the problem from TI's perspective:

- 1) Corruption undermines the process of democratization and retards private sector development in the Third World;
- 2) The higher the level of corruption, the less foreign direct investment in a country;

- 3) Corruption has an impact on decisions about aid and on how it is distributed, and contributes to aid fatigue, i.e., organizations no longer give, when monies end up in Swiss bank accounts, rather than doing the work for which they were intended;
- 4) Involvement in corruption is bad for everyone, including the corporate sector. If a company encourages corruption, it does not take long before employees practice corruption against the company.

Frank Vogl urged the Canadian government to: expeditiously take the OECD Anti-Corruption Convention to the Canadian parliament; keep the current Global Coalition for Africa initiative moving ahead; push the international financial institution to continue to work on transparency; and continue to support TI and its programs.

Our basic message: By creating an effective coalition of all sectors of Canadian Society, TI-Canada can be a leader in the fight against corruption.

(NB: Further meetings have been held between TI-Canada and Canadian government officials, as a follow-up to the November 19 meeting. A presentation on bribery will be made by TI-Canada to the Canadian Executive Directors of international financial institutions in early March.)

NATIONAL COORDINATOR MEETS WITH TI IN NAMIBIA AND SOUTH AFRICA

On a recent trip to Africa, I had the opportunity to meet with Mr. Harmut Ruppel, of Lorentz & Bone, Attorneys, Notaries and Conveyancers, TI's contact in Namibia. TI does not have a chapter in Namibia, not for lack of interest but due to the fact that, with a population of only 1.6 million, those with international skills are few and find themselves very stretched. Nonetheless, Mr. Ruppel is hoping to create a chapter in the near future.

I met, also, with Dr. Stiaan van der Merwe, Executive Officer, TI-South Africa. TI-SA's goals are to work in areas of networking, education, training, and public awareness. Corruption in South Africa is not just a business issue but also a social issue, with very real faces. In addition to activities, such as TI's National Integrity Workshops for governments, TI-SA feel they have to start with the grassroots and deal with the human, individual side of corruption.

Bronwyn Best, National Coordinator

International News

COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS

On 20 November 1997 OECD member countries and five non-member countries, Argentina, Brazil, Bulgaria, Chile and the Slovak Republic, adopted a Convention on Combating Bribery of Foreign Public Officials in International Business Transactions as well as Commentaries on a Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Signature of the Convention took place in Paris on 17 December 1997.

The Convention is the culmination of two years of work in the OECD on the problem of making bribery of foreign officials a crime. The participants in the Conference are confident that the Convention sets forth a standard for effective national laws to criminalise bribery of foreign public officials in international business transactions and is a basis for effective international judicial cooperation.

Participants confirmed the high importance they attach to the monitoring and evaluation procedures agreed in the convention and the 1997 Revised Recommendation. They called for intensified efforts by the OECD to promote the Convention and the Recommendation with a view to encouraging non-signatories to adhere to these instruments. They also requested further work at the OECD to continue to improve the tools to fight corruption in international business transactions.

For final text of Convention, contact:

Tel: 33-1-45-24-80-91

Fax: 80-03; news.contact@oecd.org.

NEW ANTI-CORRUPTION RULES IN THE WORLD BANK PROCUREMENT GUIDELINES

(The following Articles are from the revised Guidelines, to which Transparency International is extremely pleased to have contributed.)

Guidelines--Procurement under IBRD Loans and IDA Credits (addendum Sept. 19/97)

Fraud and Corruption

- 1.15 It is the Bank's policy to require that Borrowers

(including beneficiaries of Bank loans), as well as Bidders/Suppliers/Contractors under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

- (a) defines, for purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process of in contract execution; and
 - (ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Borrower, and includes collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Borrower of the benefits of free and open competition;
- (b) will reject a proposal for award if it determines that the bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
- (c) will cancel the portion of the loan allocated to a contract for goods or works if it at any time determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the loan during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation;
- (d) will declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract; and
- (e) will have the right to require that, in contracts financed by the Bank loan, a provision be included requiring Suppliers and Contractors to permit the Bank to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the Bank.

1.16

With the specific agreement of the Bank, a Borrower may introduce, into bid forms for large contracts financed by the Bank, an undertaking of the bidder to observe in competing for and executing a contract the country's laws against fraud and corruption (including bribery), as listed in the bidding documents.

The Bank will accept the introduction of such undertaking, at the request of the Borrower's country, provided it is satisfied:

- (a) that the requirement of such an undertaking is part of an anti-corruption program initiated by the Borrower's country; and
- (b) that such requirement will apply, within a timetable agreed between the Bank and the Borrower's country, to all similar public procurement.

INDIVIDUAL MEMBERS (Fee Range -- \$50 to \$100)

Individual members will be entitled to full participation and voting privileges at all meetings of the members.

VOLUNTARY SECTOR ORGANIZATIONS (Fee Range -- \$50 to \$500)

The designated spokesperson of an NGO has full voting and participation rights at meetings of members.

GOVERNMENT DEPARTMENTS AND AGENCIES (Fee -- \$500)

We welcome government departments and agencies as (arm's length) members, but government members will have no voting rights

PROFESSIONAL FIRMS, BUSINESS CORPORATIONS (Fee Range -- \$1,000 to \$5,000)

The designated spokesperson of professional and business firms has full voting and participation rights at meetings of members.

CHARTER MEMBERS (Fee -- \$10,000 over two years)

The purpose of charter membership is to put the chapter on a sound financial footing in its first two years of operation. Charter members will have all the rights and privileges of other members and will have the right to sit on a Corporate Advisory Council and assist in advising the Board on policies and programs.

ALL MEMBERS will receive newsletters, information about conferences and workshops, and the right to participate in these conferences and workshops on a cost recovery basis.

APPLICATION FOR MEMBERSHIP

Name: _____

Title: _____

Organization: _____

Address: _____

Country: _____ Postal Code: _____

Telephone: (____) _____ Fax: (____) _____

E-mail: _____

Membership Category Individual/Volunteer/NGO/Government

(circle one) Professional/Business/Charter

Fee: Amount _____ (Please enclose cheque, payable to "TI-Canada")

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