



Transparency International Canada Inc.

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# NEWSLETTER

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Volume 3, Number 4

December 1999

## 9<sup>th</sup> International Anti-Corruption Conference (IACC)

The 9<sup>th</sup> IACC, addressing the theme, “Global Integrity: 2000 and Beyond,” was held in Durban, South Africa, 10 – 15 October, 1999. TI-Canada Chair and President, Wesley Cragg, and Vice-Chair, Michael Davies, both made presentations at the Conference. Other TI-Canada members participating included National Coordinator, Bronwyn Best, Heather Baser, Brian Grainger and André Le Roux.

1600 participants, from 135 countries, recognised that corruption is a phenomenon that is one of the most debilitating legacies of the twentieth century. As part of “The Durban Commitment to Effective Action Against Corruption,” the attendees pledged the following courses of action:

### **Political Will**

We will work with all stakeholders to foster meaningful political will to confront corruption, and in ways which involve all sections of society. As we are convinced that civil society has a crucial role to play, we were delighted with the announcement made by the UNDP to our conference that it will support a Partnership Fund, an initiative of Transparency International, which will serve to empower more meaningful participation by civil society in all these processes.

### **Innovations and emerging good practices**

We will develop, identify and publicise novel, imaginative and effective examples of good practice in preventing and detecting corruption, such as the example in open public tendering presented to us by the Mayor of Seoul. To this end we will develop websites and information networks.

### **International and regional co-operation**

We will work to maximise regional and international co-operation in the fight against corruption in practical ways, strengthening mutual legal assistance arrangements and

fostering the development of anti-corruption conventions for the African and Asian regions. We wish to see the broad subject of combating corruption brought on to the agendas

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of the major international trade organisations, WTO and UNCTAD. Additionally, we will work to achieve full implementation of the OECD Convention Combating the Bribery of Foreign Officials, and the anti-bribery conventions of the Council of Europe and the Organisation of American States (OAS) so that country efforts are supported by supply-side sanctions. Monitoring will be a vital element to promote consistency and co-operation. We will support actions at the United Nations to encourage the criminalising of all forms of corruption, and we will enlarge an understanding that both the supply side and the demand side of international corruption must be attacked.

We welcome the scheduling of the Second Global Forum on Fighting Corruption and Safeguarding Integrity Amongst Justice and Security Officials in The Hague in 2001, a governmental forum which can serve to monitor critically the implementation of convention obligations by individual governments and as a forum which both reinforces and is itself reinforced by our own work in the IACC coalition.

**The Canadian Centre for Ethics  
& Corporate Policy**  
**and**  
**Transparency International Canada**  
**present a luncheon seminar:**

*“Who bribes whom and how often?”*

**Thursday, January 20, 2000**  
**The Ontario Club**

20 Wellington Street West,  
Commerce Court South

12:00 - 14:00

*For more information, see insert or call (416) 488-3939*

### **Transparency in public procurement**

We will continue to work for increased transparency in all fields, particularly in public procurement, and will create private-public sector partnerships to develop reliable, open and competitive systems, including open tendering on the Internet. At the international level we look forward to the WTO, among others, playing a key role, including the conclusion of an agreement on transparency in government procurement at the November 1999 Seattle Ministerial Meeting.

### **Private sector integrity**

We will explore the development of business standards which foster and promote integrity and equip the private sector with a tool which can demonstrate, in independently verifiable ways, their individual commitments to integrity in their business practices.

### **Ethics in society**

As a successful campaign against corruption demands the full participation of all sections of society, including most importantly civil society and, with it, the business community, we will work to raise the standards of ethical conduct within the NGO community, in the private sector and throughout the public service and our societies.

### **Money and politics**

We will foster the development of creative ways in which to contain the corrupt influence money has over many of our democratic processes, with a focus on limiting its influence by reducing the costs of elections and restricting expenditures and call on the International Institute for Democracy and Electoral Assistance (International IDEA) in Stockholm to accord the highest priority to this task.

### **Art against corruption**

We will encourage innovation by our creative artists for them to use their skills to communicate essential awareness messages to a wide community, with a special focus on raising levels of ethics throughout society and empowering especially the marginalised in rural and depressed urban

areas to recognise and act against the corruption they suffer.

### **Protection of complainants against corruption**

We will encourage the development of institutions, laws and practices which ensure that responsible citizens can report instances of corruption without fear of reprisals, wherever it may be occurring, and to ensure that the media is free to play its pivotal role in holding relevant individuals and institutions to account.

### **Independence of anti-corruption agencies/law enforcement**

We will support the institutions within our societies tasked with countering corruption to ensure that their independence is respected by all, and that they are adequately resourced. We will work, too, to ensure that they are held accountable in ways free from political interference.

### **Use of civil remedies to recover proceeds and criminal burden of proof**

We will encourage the development of civil law (i.e., non-criminal) processes to enable the proceeds of corruption to be identified and recovered more effectively than the criminal law may allow because of standard of proof requirements. We will continue to explore constitutional ways of making the criminal law more effective in areas where proof of specific acts of corruption is difficult to obtain.

### **Sectoral initiatives**

We will foster initiatives to contain corruption within particularly vulnerable sectors, such as education, social services, health, construction and mining and encourage leaderships within these to develop and implement their own strategies in partnership with other relevant stakeholders.

### **Banking community**

We will encourage members of the banking community and others to create responses (including enforceable

international obligations) which will record transactions effectively, curb the levels of money-laundering and which will facilitate the return to developing countries of moneys looted by their leaders. We find it wholly unacceptable that the moneys should be invested in institutions in the developed world for the benefit of a corrupt few when they are desperately needed by their rightful owners in the South for the benefit of all.

### **Judiciary and the Rule of Law**

We will develop approaches capable of restoring integrity to a judiciary in ways which call for greater accountability but without eroding the judiciary's essential independence.

### **Customs and Police**

We will build and strengthen partnerships with customs administrations to check corruption and facilitate the revenue essential for good governance and for public sector salaries to be raised, as they must be in many countries. Similarly, we will build local coalitions in support of reform-minded police commissioners to assure them of public support for their efforts.

*(continued from page 2)*

### **Debt cancellation and Jubilee 2000**

We will support debt cancellations in the framework of Jubilee 2000, where the benefits flow to the poor and not to corrupt elites in the societies involved.

### **Tracking the effectiveness of reforms**

We will continue to develop our methodologies to analyse the nature and extent of corruption, and for assessing the effectiveness of particular reforms.

*For full "Declaration" text see:*

*[www.transparency.de/iacc/durban\\_commitment.html](http://www.transparency.de/iacc/durban_commitment.html)*

### **Integrity Standards Debate**

#### **- tell us what you think**

On June 30, 1999, TI-Canada met with deputy ministers and other senior officials of the Canadian government and recommended an anti-corruption agenda for the Canadian government. As part of this agenda, TI-Canada recommended that the Canadian government promote corporate social responsibility by, among other things, encouraging the development of strong compliance and integrity programs and research into effective monitoring and

independent auditing systems for anti-corruption codes.

TI-Canada is exploring whether or not the issue of social audits should be on its agenda. On the one hand, it is increasingly unlikely that the victims of corruption or a sceptical public are likely to be persuaded that corporations are sincere in their commitment to eliminate bribery unless they are prepared to allow independent audits designed to assess the effectiveness and sincerity of their commitment to high standards of integrity. In order for TI to retain its credibility with developing world governments and TI National Chapters in the developing world, it needs to become involved in the creation of integrity standards that can be applied by independent auditors to determine the effectiveness of corporate anti-corruption codes and their implementation.

Since social audits are certain to play an increasingly important role in future efforts to ensure and verify adherence to appropriate standards of conduct on the part of organizations of all types, it is important that governments, the private sector and the voluntary sector, all of which make up the coalition of TI, become involved in the creation of credible standards. In addition, the 1600 participants to the 9<sup>th</sup> International Anti-Corruption Conference in Durban

committed themselves to "...explore the development of business standards which foster and promote integrity and equip the private sector with a tool which can demonstrate, in independently verifiable ways, their individual commitments to integrity in their business practices."

On the other hand, social audits go beyond the issue of corruption, and there may be a sensitivity on the part of TI-Canada member companies, with regard to social audits. TI-Canada needs to listen to and be sensitive to the desires of its members.

Contact us by Tel: 416-488-3939; Fax: 416-483-5128; or E-mail: [ti-can@transparency.ca](mailto:ti-can@transparency.ca) to let us know what you think about this issue, by **January 14, 2000**.

### **Virtual Working Group on Anti-corruption Strategies**

The World Bank Institute (WBI) chaired a six-week virtual forum on how to effectively fight corruption, ending December 17. Topics covered included:

- Participatory and Collective-Action Approaches to Fighting Corruption: Post-Durban Lessons;
- The Roles of the News Media and Parliament;
- Measurement Challenges: International Comparisons and In-Country Diagnostic Surveys of Governance and Corruption;
- Partnership Among Donors and NGOs in Helping Countries and in Deterring Transnational Bribery; Political Will: Can It Be Nurtured?; and Challenges Into the New Millennium: Concrete and Sustained Actions.

See [www.worldbank.org/devforum/anti-corrupt.html](http://www.worldbank.org/devforum/anti-corrupt.html) for weekly summaries.

### **News about our members**

TI-Canada Charter Member, Mark Nathanson, has recently launched, after many months of study and approval from the Swiss authorities, The Nathanson Foundation, a not-for-profit

organisation, supporting law enforcement globally and headquartered in Geneva. Law enforcement is an important element in the anti-corruption agenda.

The following is the Nathanson Foundation Mission Statement:

"The Nathanson Foundation raises funds to support and assist law enforcement initiatives around the world. It raises awareness of law enforcement issues and needs. The Foundation helps to build relationships between law enforcement, the citizenry and the international business community.

The Foundation operates within the framework of relevant international conventions under the following guiding principles:

- To identify and financially support projects that will assist in the enforcement of laws locally and internationally.
- To identify and support initiatives which facilitate and promote co-operation and information-sharing among law enforcement agencies globally.
- To develop and help fund programs that will assist law enforcement to curb the activities of organised crime.
- To assist in the identification and development of effective law enforcement legislation.
- To develop and support law enforcement training programs.
- To recognise outstanding contributions to law enforcement efforts.
- To provide funding to organisations, or seed money to establish organisations, which provide assistance to families of law enforcement officials who are killed or maimed in the line of duty.
- To assist in the preservation of law enforcement history."

### **New poll shows many leading exporters using bribes**

The fifth annual, and largest ever, Corruption Perceptions Index (CPI) release, on October 26, was accompanied by the first release of the Bribe Payers Index (BPI). The BPI ranks 19 leading exporting countries in terms of the degree to which their corporations are perceived to be paying bribes abroad, and, finally, provides for a balanced view of the issue of corruption. The BPI, undertaken for TI by Gallup International (GIA) in 14 leading emerging market

economies, shows that companies from many leading exporting nations are widely seen as using bribes to win business. It is important to note that Canada, while showing tied for second in the BPI, attained only an 8.1 rating out of a possible 10.

The reactions to the indices differed according to the country's specific situation: The government of Honduras said it was a "great surprise" to be perceived as the most corrupt country in Latin America. According to the presidential chief of staff (Presidency Minister) Gustavo Alfore this happens "precisely during the government of President Carlos Flores that we have made great efforts to combat corruption."

The Kenyan newspaper The Nation calls Kenya's low score "a damning judgement." At the same time, they assure TI that they "have only put in words and figures what we already know."

The President of the Confederation of German Industries (BDI), Hans-Olaf Henkel said that many companies in Germany were still unaware of the new OECD Convention. He also called on the German government to exert greater pressure on all those OECD countries that had still not ratified the OECD Convention.

The Malaysian Primary Industries Minister Datuk Seri Dr Lim Keng Yaik described the results of the BPI as ridiculous. He questioned the manner in which the poll was conducted and the basis for arriving at such a conclusion.

In Nigeria, the government reacted favourably to the CPI which ranks the country in the second-worst position. President Olusegun Obasanjo called it a "challenge" that the present administration is facing and addressing energetically. He expressed the hope that the CPI "will spur" the National Assembly to expedite action on his anti-corruption bill.

In South Korea Yonhap News (a news agency) reacted to the low 3.4 score of the country in the BPI. They prepared an instant opinion poll via internet and 90% of the 4601 respondents agreed with the rankings. In Tanzania, TI has been accused of working for the interests of international moneylenders. A Member of Parliament for Lamu West,

Fahim Twaha, said that TI was pandering to the interests of commercial lenders instead of improving monetary prudence. For more information see:  
[www.transparency.de/documents/cpi/index.html](http://www.transparency.de/documents/cpi/index.html)

### 1999 Transparency International Bribe Payers Index (BPI) Ranking 19 Leading Exporters

Rank	Country	Score
1	Sweden	8.3
2	Australia	8.1
	Canada	8.1
4	Austria	7.8
5	Switzerland	7.7
6	Netherlands	7.4
7	United Kingdom	7.2
8	Belgium	6.8
9	Germany	6.2
	United States	6.2
11	Singapore	5.7
12	Spain	5.3
13	France	5.2
14	Japan	5.1
15	Malaysia	3.9
16	Italy	3.7
17	Taiwan	3.5
18	South Korea	3.4
19	China(including Hong Kong)	3.1

#### **Notes:**

The question related to leading exporters paying bribes to senior public officials. The standard error in the results was 0.2 or less. In the scoring: 10 represents a perceived level of negligible bribery, while 0 represents responses indicating very high levels of bribery.

## The 1999 Transparency International Corruption Perceptions Index (CPI)

1999 CPI Score (in bold) - relates to perceptions of the degree of corruption as seen by the business people, risk analysis and the general public and ranges between 10 (highly clean) and 0 high corrupt). Surveys Used (in bold) - refers to the number of surveys that assessed a country's performance. 17 surveys were used and at least 3 surveys were required for a country to be included into the 1999 CPI. Standard Deviation (in bold) - indicates differences in the values of the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources.

Coun. Rank	Country	1999 CPI Score	Standard Deviation	Surveys used					
1	Denmark	10.0	0.8	9	63	Bulgaria	3.3	1.4	8
2	Finland	9.8	0.5	10		Egypt	3.3	0.6	5
3	New Zealand	9.4	0.8	9		Ghana	3.3	1.0	4
	Sweden	9.4	0.6	10		Macedonia	3.3	1.2	5
5	Canada	9.2	0.5	10		Romania	3.3	1.0	6
	Iceland	9.2	1.2	6	68	Guatemala	3.2	2.5	3
7	Singapore	9.1	0.9	12		Thailand	3.2	0.7	12
8	Netherlands	9.0	0.5	10	70	Nicaragua	3.1	2.5	3
9	Norway	8.9	0.8	9	71	Argentina	3.0	0.8	10
	Switzerland	8.9	0.6	11	72	Colombia	2.9	0.5	11
11	Luxembourg	8.8	0.9	8		India	2.9	0.6	14
12	Australia	8.7	0.7	8	74	Croatia	2.7	0.9	5
13	United Kingdom	8.6	0.5	11	75	Cote d'Ivoire	2.6	1.0	4
14	Germany	8.0	0.5	10		Moldova	2.6	0.8	5
15	Hong Kong	7.7	1.9	10		Ukraine	2.6	1.4	10
	Ireland	7.7	1.9	10		Venezuela	2.6	0.8	9
17	Austria	7.6	0.8	11		Vietnam	2.6	0.5	8
18	USA	7.5	0.8	10	80	Armenia	2.5	0.4	5
19	Chile	6.9	1.0	9		Bolivia	2.5	1.1	6
20	Israel	6.8	1.3	9	82	Ecuador	2.4	1.3	4
21	Portugal	6.7	1.0	10		Russia	2.4	1.0	13
22	France	6.6	1.0	10	84	Albania	2.3	0.3	5
	Spain	6.6	0.7	10		Georgia	2.3	0.7	4
24	Botswana	6.1	1.7	4		Kazakhstan	2.3	1.3	5
25	Japan	6.0	1.6	12	87	Kyrgyz Republic	2.2	0.4	4
	Slovenia	6.0	1.3	6		Pakistan	2.2	0.7	3
27	Estonia	5.7	1.2	7		Uganda	2.2	0.7	5
28	Taiwan	5.6	0.9	12	90	Kenya	2.0	0.5	4
29	Belgium	5.3	1.3	9		Paraguay	2.0	0.8	4
	Namibia	5.3	0.9	3		Yugoslavia	2.0	1.1	6
31	Hungary	5.2	1.1	13	93	Tanzania	1.9	1.1	4
32	Costa Rica	5.1	1.5	7	94	Honduras	1.8	0.5	3
	Malaysia	5.1	0.5	12		Uzbekistan	1.8	0.4	4
34	South Africa	5.0	0.8	12	96	Azerbaijan	1.7	0.6	5
	Tunisia	5.0	1.9	3		Indonesia	1.7	0.9	12
36	Greece	4.9	1.7	4	98	Nigeria	1.6	0.8	5
	Mauritius	4.9	0.7	4	99	Cameroon	1.5	0.5	4
38	Italy	4.7	0.6	10					
39	Czech Republic	4.6	0.8	12					
40	Peru	4.5	0.8	6					
41	Jordan	4.4	0.8	6					
	Uruguay	4.4	0.9	3					
43	Mongolia	4.3	1.0	3					
44	Poland	4.2	0.8	12					
45	Brazil	4.1	0.8	11					
	Malawi	4.1	0.5	4					
	Morocco	4.1	1.7	4					
	Zimbabwe	4.1	1.4	9					
49	El Salvador	3.9	1.9	4					
50	Jamaica	3.8	0.4	3					
	Lithuania	3.8	0.5	6					
	South Korea	3.8	0.9	13					
53	Slovak Republic	3.7	1.5	9					
54	Philippines	3.6	1.4	12					
	Turkey	3.6	1.0	10					
56	Mozambique	3.5	2.2	3					
	Zambia	3.5	1.5	4					
58	Belarus	3.4	1.4	6					
	China	3.4	0.7	11					
	Latvia	3.4	1.3	7					
	Mexico	3.4	0.5	9					
	Senegal	3.4	0.8	3					

**INDIVIDUAL MEMBERS** (Fee Range -- \$50 to \$100) Individual members will have 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 few 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.

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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**”)