



Transparency International Canada NEWSLETTER

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Word from the President

It is hard to believe that another year has come and gone. It has been an active and encouraging year for Transparency International. The same is true of our Canadian Chapter.

Transparency International continues to lead in the development of anti corruption policies on the part of international institutions. Our most recent success is the result of intense lobbying with the OECD in Paris. We have been concerned for some time with the willingness of governments to allow tax dollars to be used to fund loans to companies that use bribes to win contracts in international commerce. Just as I sat down to prepare my contribution to this Newsletter, I received the following news release.

OECD member states announced in Paris today that they have agreed on an action programme to deter bribery in government-supported export credit transactions. Transparency International, the global anti-corruption organisation, welcomed the decision reached by the *OECD Export Credit Agency Working Group*. Transparency International has consistently called for an exclusion of corruption-tainted contracts from export credit guarantees.

Michael Wiehan, the Chair of the German Chapter and a member of the TI Board of Directors led the drive to have the OECD address this issue. He describes the debate leading to the final decision as a *Abattle royal* with the good guys winning in the end. His commentary emphasizes that the outcome was by no means assured. Further details can be found on the TI web site.

MARK YOUR CALENDAR!!!

10th International Anti-Corruption
Conference:

“Together against Corruption:
Designing Strategies, Assessing Impact,
Reforming Corrupt Institutions”

7 – 11 October 2001, Prague,
Czech Republic

(for more information, visit:
www.10iacc.org; e-mail:
info@10iacc.org)

TI Canada participated in this initiative by preparing a brief and participating actively in hearings whose focus was the activities of our own Export Development Corporation. Here as elsewhere, it is easy for the government to leave leadership to others with a view to protecting the competitive advantage of Canadian corporations. This is a very short sighted position to take. Sunny Pal, a member of our Board who lives in Montreal and commutes to Ottawa on a frequent basis has been spearheading our efforts to have the Canadian Export Development Agency address this issue explicitly. A copy of our brief to the EDC can be found on our web site.

We have an active program of activities for the New Year. We expect to be working actively with TI-Bulgaria in building tools and infrastructure in that part of the world to ensure that foreign aid designed to assist in reconstruction and economic development is used for its intended purpose. Clare Bonnell, a recently appointed member of our Board will play an active role in this initiative. She brings extensive experience with CESO (Canadian Executive Services Overseas) to the task. Her involvement also signals our first attempt to build a partnership with another voluntary sector organization.

We will also be working in a bilateral relationship with TI Nigeria to help them build an anti corruption framework for the oil and gas industry in the Niger Delta. One of the key contributors to conflict in the Niger Delta is a vast network of corruption that misdirects tax dollars away from the local communities in the Delta. We hope to assist in a conflict mediation initiative with York University that will be designed to create the basis for constructive dialogue around the problems that are blocking development in that part of the world. John McWilliams, a member of our Board from Calgary, will be working actively on this project.

Corruption is a fundamental obstacle to the fair sharing of the benefits of economic activity. TI is working worldwide to help correct the resulting inequities.

Why be a member of TI-Canada?

Of 90 countries, Canada ranks No. 5 in the 2000 Corruption Perceptions Index (CPI), with the country ranked as 1 being perceived as having the least corrupt public officials and the country ranked as 90 being perceived as having the most corrupt. Of the 19 leading exporting countries, Canada ties for the No. 2 spot in the Bribe Payers Index (BPI), where the companies in the country ranked as 1 are perceived to be the least likely to pay bribes abroad and in the country ranked as 19 are perceived to be the most likely.

Canada looks pretty good. In fact, one might be tempted to say that corruption isn't much of an issue for Canada. So, why does Canada have a National Chapter of TI, and why should a Canadian corporation, government entity, NGO or individual bother being a member? What purpose does it serve?

As good as Canada looks on these two indexes, it must be remembered that they do not measure corruption within a country. In addition, if one looks at the BPI, out of a score of 10, Canada rates only 8.1. There is a lot of room for improvement. Even in the CPI, Finland ranks No. 1 at a perfect 10. Canada achieved a score of 9.2 – again, room for improvement. Monies finding their way to the South originate in the North.

Canada is no exception as a source of such monies.

What is it TI-Canada is trying to accomplish? Improving one's score in the CPI and BPI is a long-term goal, since perceptions change little over a short period of time. There are a number of actions a country, its citizens, its governments and its corporations can take to decrease corruption. For some time, the Board of TI-Canada has been discussing issues and priorities. At its 8 September 2000 Board Meeting, it was agreed that TI-Canada should:

- a) **Work with the Canadian government in a variety of ways** – encourage the Canadian government to be more proactive within international organizations, re. anti-corruption initiatives; continue working with the Organization for Economic Cooperation and Development and be proactive with the Organization of American States and the Free Trade Agreement of the Americas, all with regard to implementation; also encourage Canadian Executive Directors of the International; Financial Institutions to take a leadership role with regard to anti-corruption activities
- b) **Cooperate with TI-Secretariat**, whenever we are invited to work with them – partnerships help the international movement;
- c) **Carry out bilateral activities**, in order to have a footprint in other parts of the world; it is international companies which are interested in being involved with TI-Canada, and international work gives us leverage to work internally.

TI-Canada has a number of activities on-going in each of these areas. For example, we meet and correspond with the Canadian government on a variety of issues; we are spearheading the TI Code of Ethics initiative and are involved in encouraging the establishment of a National Chapter in Japan; we are working with National Chapters in the developing world, in South Eastern Europe and Africa, where our

expertise can play an effective role in easing the scourge of corruption and working towards good governance. We are making a difference.

Ultimately it is a motherhood issue. If there were no members of a National Chapter in Canada, there would be no TI-Canada. This would be a loss to both this country and the international community. ***Not a member of TI-Canada? Interested in joining? Just fill out the form on the back page!***

Transparency International (TI) AGM held in Ottawa

Following on international conferences/AGMs held in Kuala Lumpur and Durban, Ottawa was the venue for TI's international conference, "The Anti-Corruption Agenda in a New Decade: Defining Issues, Identifying Allies," and Annual General Meeting, 28 – 30 September 2000. Approximately 230 participants from 90 countries discussed critical challenges for TI in this decade, including the use of art for transparency; building closer partnerships with civil society organisations in a post-Seattle era; enhancing the accountability of civil society organisations; working with the private sector – building integrity standards; financing political parties and election campaigns – the role of civil society in preventing corruption; linking anti-corruption measures to development aid and debt reduction; fighting corruption at the local level; anti-corruption measures in environmental protection; accounting, auditing and financial controls; practical approaches and experiences of TI's Integrity Pact.

With such a wide range of participants, there were conflicting opinions, as on the question whether and under what circumstances support for development should be curtailed for countries where corruption persist. The discussions, however, remained free of the bitter controversy so typical nowadays for

international fora. The feedback from the participants has been very positive. The conference was particularly constructive, with many discussions on-going. For example, with regard to the specific issue of aid conditionality, an agreement was reached to continue the debate via internet, focusing at the beginning on the question of debt relief.

10th International Anti-Corruption Conference (IACC)

The 10th IACC will be held in Prague, Czech Republic, 7 – 11 October 2001. The theme, "Together against Corruption: Designing Strategies, Assessing Impact, Reforming Corrupt Institutions," will focus on concrete strategies for making real and lasting changes to reduce corruption and on devising methods for assessing the impact of such strategies. The conference programme will place a strong emphasis on developing practical skills and on learning lessons from a range of concrete case studies.

The conference programme will include the following topics:

- Effective global, regional, national, and local anti-corruption strategies
- Specific strategies to address economic crime, organised crime and money-laundering
- The role of education, culture and the media
- Corruption problems at the regional level, in state institutions and in municipalities
- Conflicts of interest, codes of conduct, integrity systems, value systems
- Other specific topics: corruption in sports, political party financing, public procurement, corruption in the private sector.

The emphasis will be on exchange of practical knowledge and information in workshops and panel discussions with only a limited number of keynote addresses. More than ever before, the 10th IACC will be

a practical and action-oriented meeting, with a focus on case studies, concrete strategies and impact assessment.

The 10th IACC will provide a unique international networking opportunity for leading anti-corruption professionals from around the world. These will include government representatives from the executive, legislative and judicial branches, as well as delegates from the private sector, the media, professional groups, academia, the development community and from a wide range of civil society organisations. Keynote speakers will include heads of state, leaders of international institutions and top representatives of the private sector and of civil society organisations.

Early bird registration fee: USD 760 (15 March – 10 June 2001); late registration fee: USD 890 (11 June – 10 September 2001).
For further information: 10th IACC Secretariat, Klimentská 30, 110 15 Praha 1, Czech Republic; www.10iacc.org; e-mail: info@10iacc.org

First ever TI Integrity Awards

On 30 September 2000, TI presented the first ever TI Integrity Awards. "Fighting corruption requires enormous personal courage in many countries and today we are honouring people who have put their lives on the line," said Peter Eigen, Chairman of TI. He added: "We are recognising the courage and dedication of individuals and organisations fighting corruption around the world."

On the eve of TI's annual general meeting in Ottawa, Canada, TI announced that the first winners of the TI Integrity Awards are:

Mustapha Adib, a Moroccan army captain who was condemned to five years in prison after he had exposed corruption in the Moroccan Air Force; the Concerned Citizen's of Abra for Good Government (CCAGG), a citizens group in a remote province of the Philippines which insists that government money is not plundered but reaches the poor;

Lasantha Wickremetunge, an investigative journalist from Sri Lanka whose paper was banned in May after he had exposed corruption; the late Dr. Alfredo María Pochat, a civil servant who was murdered after he blew the whistle on corruption in the Argentinean government.

TI Chairman Eigen said: " We have introduced the TI Integrity Awards to help raise the global awareness of corruption and to recognise the tremendous courage and outstanding accomplishments of individuals and organisations who are working at the grassroots level to curb corruption."

TI established a TI Awards Committee in late 1999 chaired by Virginia Tsouderos, Chair of TI's national chapter in Greece, who noted: "It is high time we recognised the courage of the ordinary men and women who dedicate their efforts to make governments accountable. Some have paid the ultimate price of their life in doing so. Choosing among many deserving nominations was not an easy task but we were left heartened by the dedication and commitment of all the nominees."

The Integrity Awards 2000 were sponsored by Canadian Occidental Petroleum Ltd. (now Nexen Inc.) and General Electric Canada.

Leading International Banks Establish Anti-Money Laundering Principles

Zurich, October 30, 2000 ----- A group of the world's largest banks have agreed to a set of global anti-money laundering guidelines for international private banks. The new guidelines were jointly announced today by 11 banks and by Transparency International (TI), the global anti-corruption organization, who stated that they anticipate the principles will be widely accepted by a growing number of financial institutions.

The participating institutions are ABN, AMRO Bank, Barclays Bank, Banco Santander Central Hispano, S.A., The Chase Manhattan Private Bank, Citibank, N.A., Credit Suisse Group, Deutsche Bank AG, HSBC, J.P. Morgan, Société Générale, and UBS AG. The new guidelines state at the outset: "Bank policy will be to prevent the use of its world-wide operations for criminal purposes. The bank will endeavor to accept only those clients whose source of wealth and funds can be reasonably established to be legitimate."

Dr. Peter Eigen, Chairman of Transparency International (TI), stated: "We have served as the catalyst for the leading banks to come together in a year-long process to exchange their policies and practices with a view to formulating principles, which will make it harder for corrupt people to deposit their ill-gotten gains in the world's banking system. We have provided expert advice throughout a process that now commits the senior managements of the participating banks to the enforcement of the principles that are being published today."

An important working session to formulate the guidelines was held in Wolfsberg, Switzerland, and accordingly, the new guidelines may become known as the "Wolfsberg Anti-Money Laundering Principles."

The principles represent the group's effort to establish anti-money laundering guidelines that are viewed as appropriate when dealing with clients in the global marketplace. The principles deal with diverse aspects of "know your customer" policies that pertain to relationships between high net worth individuals and the private banking departments of financial institutions. They also deal with the identification and follow-up of unusual or suspicious activities.

Provisions in the new guidelines, for example, relate to the efforts of bankers to secure the accurate identity of individuals opening private banking accounts. From time to time individuals may seek to secure

anonymity for themselves and use third parties to represent them in opening accounts. The guidelines state clearly: "Beneficial ownership must be established for all accounts."

Dr. Eigen and TI Board Member Fritz Heimann led the TI effort and were joined as an advisor by Professor Mark Pieth, a Swiss expert on money laundering and the Chairman of the OECD Working Group on Bribery, who stated: "This is the first time that a broad range of banks have agreed to come together to fine-tune the 'know your customer' rules. From the perspective of the OECD's work against corruption this private initiative is highly significant. It helps to make it far more difficult to create "slush funds" for bribery and to hide corruption money in the regulated banking sector, since the level of awareness is raised substantially and in an internationally standardized way."

TI Chairman Eigen added: "We now have a set of principles that TI believes will be seen by regulators as representing a standard that all banks engaged in international private banking should be encouraged to adopt."

The Global Anti-Money Laundering Guidelines for Private Banking are available on request at the TI Secretariat (www.transparency.org)... *Transparency International Press Release.*

***HAVE A SAFE AND HAPPY
HOLIDAY SEASON FROM THE
OFFICE OF TI-CANADA***

