



Transparency International Canada Inc.

NEWSLETTER

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10th International Anti-Corruption Conference (IACC)

Nearly 30 Canadians, many of them members of TI-Canada, were among the almost 1300 delegates from 143 countries attending the 10th IACC, held in Prague, Czech Republic, October 7 – 11. The theme was “Together Against Corruption: Designing Strategies, Assessing Impact, Reforming Corrupt Institutions.”

The proceedings were opened by President Vaclav Havel, himself once imprisoned by a totalitarian administration for speaking out against the abuse of power and human rights.

A number of stimulating plenary presentations were made by a wide variety of people, including, H.E. Milos Zeman, (Prime Minister of the Czech Republic); Ronald Noble (Secretary General, INTERPOL, France); Eva Joly (Investigating Magistrate, France); Ann Pettifor (Jubilee Plus, UK); Joris Demmink (Ministry of Justice, The Netherlands); Fernando Olivera (Minister of Justice, Peru); President Vicente Fox (Mexico) and George Soros (Chairman, Open Society Institute).

There was significant TI-Canada participation throughout the conference: Wesley Cragg, Chair and President of TI-Canada, co-coordinated and chaired the workshop on “Countering Private Sector Corruption: What can Business Schools do?,” in addition to co-chairing the workshop on “Cutting Corruption in the Oil, Gas and Mining Sectors” (co-coordinated by TI-Canada National Coordinator, Bronwyn Best) and facilitating the workshop on Promoting Integrity in Government” (co-coordinated by Ms. Best and the International Cooperation Group of the Department of Justice of Canada); TI-Canada Vice Chair, Michael Davies, made a presentation in the workshop on “Private Sector Corruption: Is it a Matter of Public Policy and How can the Private Sector Protect Itself?”; TI-Canada Board Member Ian Marshall prepared one of the discussion papers for the “Cutting Corruption in the Oil, Gas and Mining Sectors” workshop; and other TI-Canada member, including Brian Grainger, who spoke in the workshop on “Building Ethics in the Public Service,” Heather Baser, who coordinated and chaired the workshop on “Creating an Anti-Corruption Ethos: Civil Society and Donors Working Together,” Howard Wilson, who coordinated and chaired the workshop on “Ethics Counsellors in the Public Sector: Are they Part of the Solution?,” and

John Williams, who spoke in the workshop on “Reinforcing Parliamentary Oversight: The Role of NGOs, the Press, the Political Parties and the Private Sector.”

Following are excerpts from The Prague Agenda, prepared by participants as a concluding statement to the 10th IACC:

We met against the background of the worst single act of terrorism the world has ever known, one which cost the lives of thousands of ordinary men and women from more than 80 different countries. In expressing solidarity with the victims of all such abuse, we welcome the actions being taken around the world to strengthen institutions and practices to contain the continuing menace those who would perpetrate such acts present to citizens everywhere.

The Secretary-General of Interpol stressed the role played by corruption in facilitating these crimes against humanity. He pointed out that none can afford to separate the fight against corruption from the fight against terrorism. Mutual legal assistance arrangements have to be strengthened, financial regimes improved and new laws passed, but none will have the effects intended if customs, police and security officials are corrupt. The best security structures are rendered impotent if undermined from within by corruption. We are also conscious of the need to fight the corruption that is blighting the lives of many millions of people around the world, creating feelings of helplessness and despair that can provide a ready recruiting ground for those who seek allies in their murderous causes.

President Havel reminded us, in the context of the first occasion when our Conference has taken place in Central or Eastern Europe, that there is a direct link between corruption and human rights abuse, with the corrupt suppression by all means of those who peacefully criticise those in power. The Prime Minister of the Czech Republic also observed that the main tool of the economic Mafia in its battle with political establishments is not murder but corruption.

Ours is a powerful coalition which has grown increasingly in size and strength over the course of past Conferences. We are committed to building global standards of transparency and accountability for governments, the private sector, civil society and international institutions alike. We do this in the belief that we are contributing to improving the welfare of

people throughout the world, particularly the poor, and see these standards as fundamental to achieving acceptable levels of social justice buttressed by the Rule of Law.

In the process of forging these standards, the role of developed countries is of central importance. Not only do they have a legal and moral obligation to enforce the OECD Convention Against the Bribery of Foreign Public Officials effectively, but they have to be aware that many other countries look to them for examples of good practice in building modern government.

When developed countries grant impunity to their political leaders; when they fail to enforce laws against their political and business elites; when they obstruct investigations; when they act to weaken laws designed to counter money-laundering and international mutual legal assistance; and when they prevaricate in providing assistance to return assets looted by leaders of developing countries back to the countries where these assets rightly belong, they serve actively to undermine our undertaking. They also have a duty to help the oppressed throughout the world, and to condemn - not grant succour to - the oppressors.

Developing countries and countries in transition face even greater challenges, and reforms in the developed world will serve little purpose in advancing social justice world-wide if these countries, too, do not play a full and active part. Transparent and accountable practices must be developed right across their institutions, including the private sector; ethics, both in and out of government, promoted; the voting records of individual legislators made public; clear and unambiguous conflict of interest provisions enforced; sound and timely accounting practices consistent with international accounting and auditing standards generated for government and private sector alike; a free media encouraged; strong and effective regulatory mechanisms, including the financial sector, put in place; reliable records management systems established; score-cards for public procurement developed; above all, independent and able judiciaries committed to the rule of law. These are just some of the features of their national integrity systems that must be established and sustained. This is no easy task, but it is one with which we are all ready to assist - development agencies, IFIs, international institutions, the private sector and civil society.

It is incumbent on all to play a full and committed role in our struggle. In this a heavy burden rests with the professions - legal, accounting, financial and engineering - who have for so long played roles in facilitating corruption and who now have an opportunity to make a positive contribution to our efforts.

Some of the issues mentioned can be addressed through the proposed United Nations Convention Against Corruption. We look forward to the early conclusion of this new international instrument. However, we are concerned that the drafting process should not be used as a pretext by those who wish to delay urgently needed reforms. We also believe that any such Convention must have a strong and effective monitoring system if it is to have the impact that is needed. We look to the Convention to enshrine a prohibition against the affording of

safe havens to corrupt officials who flee their countries, such as that contained in the Inter-American Convention.

The structural injustices that developing countries and countries in transition face also featured prominently in our discussions. These are also reflected in their relationships with international financing institutions. In many heavily-indebted countries debt is negotiated in secret, a situation which we deplore, and in some there are no public records of debt.

The incurring of debt, we noted, is neutral. It can be an engine of development when used prudently and transparently. Debt can, however, be misused as a means of plundering a country, with catastrophic consequences for a country's people. Accordingly, we repeat our statement at Durban, namely that we support unreservedly debt relief in circumstances which ensure that the benefits flow to the poor.

We acclaim the initiative of JubileePlus in proposing that in future there should be an open and transparent judicial inquiry into the circumstances in which unpayable debt has been incurred to determine who should bear the liability for bad lending decisions. Such a mechanism would unquestionably introduce stronger elements of discipline, transparency and accountability into the international architecture.

We agreed to explore a suggestion of Global Witness that the U.S. Securities and Exchange Commission (SEC) and leading stock exchanges should make it mandatory for corporations in the extractive industries to declare the royalties and tax payments they make to individual countries.

Ours was not a conference of empty rhetoric and generalised condemnation of corruption and the corrupt. Rather throughout the week and in over 100 workshops we addressed specific challenges of how corruption can be addressed, in institutions, in corporations and among people who work in them. We examined success stories, a number the result of previous IACC and Global Forum discussions, and we dissected initiatives that had proved less fruitful.

All are the product of consultation and cooperation between two or three major elements of our coalition - governments, the private sector and civil society.

We began to address the special challenges presented by post-conflict situations, and the need to secure ways in which emergency assistance can be rendered more effective by being shielded from corruption. Repeatedly, too, the point was made that civil society in various parts of the world is now starting to offer a secular framework for institutional change.

We noted that the element of gender is of particular importance. Not only does corruption bear disproportionately on women, but they have a major role to play. We were delighted to welcome for the first time a number of youth groups to our discussions, and were similarly pleased that religious organisations are also joining in the coalition. --
Prague, 11 October 2001

For the full text and more news on the 10th IACC, please visit www.10iacc.org

Second Annual TI Integrity Awards

During the 10th International Anti-Corruption Conference, the second annual TI Integrity Awards were presented. The winners were investigating magistrate Eva Joly of France, and the Public Prosecutor's Office and the people of the city of Londrina in Brazil.

Investigating magistrate Eva Joly of France played a vital leadership role in corruption probes that led to the trial and successful prosecution of former high-ranking politicians as well as major French corporations. Eva Joly, a Norwegian by birth, has been subject to death threats in the course of her work, including during her seven-year probe in the Elf Aquitaine case, which included investigation of top politicians such as former Foreign Minister Roland Dumas.

In southern Brazil, public prosecutors Bruno Galatti, Cláudio Esteves and Solange Vicentin undertook ground-breaking actions as they led the Public Prosecutor's Office in Londrina, a city of 450,000 in the State of Paraná, in investigating mayor Antonio Belinati. Exceptional public support was mobilised and the mayor was eventually impeached by the City Council on charges of corruption. It is estimated that a total of USD 45 million disappeared during Belinati's term of office. The prosecutors' investigations uncovered irregularities affecting more than 200 procurement procedures, including contracts with non-existent firms that were paid for services that were never performed.

The TI Integrity Awards honour people of extraordinary valour. The 2001 winners stood out for their exceptional determination to use the public offices entrusted to them to fight corruption, even when they found bribery taking place at the highest levels in Government.

The TI Awards Committee also honoured four individuals who have lost their lives as a result of their tenacious efforts to root out corruption: Carlos Alberto Cardoso, an investigative journalist in Mozambique; Luis Carlos Galán Sarmiento, a Colombian politician and anti-corruption advocate; Georgy Gongadze, an outspoken Ukrainian journalist and government critic; and Norbert Zongo, an investigative journalist from Burkina Faso.

In a message to the Awards ceremony, Czech President Václav Havel said, "The key to the fight against corruption is the personal courage of individual journalists who defy the risks associated with pursuing the truth in the murkiest of affairs."

TI endorses "Statement of Vision, Values and Guiding Principles"

As part of a larger code building project of TI, led by Wesley Cragg, Chair and President of TI-Canada, TI endorsed the following at its Annual General Meeting, held in Prague, October 6:

"Statement of Vision, Values and Guiding Principles" for Transparency International

Our Vision

A world in which government, politics, business, civil society and the daily lives of people are free of corruption.

Our Values

Transparency
Accountability
Solidarity
Courage
Justice
Democracy
Integrity

Our Guiding Principles

We are a civil society organization committed to respecting the following principles:

1. As coalition builders, we will work cooperatively with all individuals and groups, with for profit and not for profit corporations and organizations, and with governments and international bodies committed to the fight against corruption, subject only to the policies and priorities set by our governing bodies.
2. We undertake to be open, honest and accountable in our relationships with everyone we work with and with each other.
3. We will be democratic, politically non partisan and non sectarian in our work.
4. We will condemn bribery and corruption vigorously and courageously wherever it has been reliably identified, although we ourselves do not seek to expose individual cases of corruption.
5. The positions we take will be based on sound, objective and professional analysis and high standards of research.
6. We will only accept funding that does not compromise our ability to address issues freely, thoroughly and objectively.
7. We will provide accurate and timely reports of our activities to our stakeholders.
8. We will respect and encourage respect for fundamental rights and freedoms.
9. We are committed to building, working with and working through national chapters world wide.
10. We will strive for balanced and diverse representation on our governing bodies.

First Global Corruption Report released

From money laundering and corruption in conflict zones to the overthrow of Fujimori in Peru, the Global Corruption Report charts the progress made and challenges ahead
London, 15 October 2001

"The secretive web that once shrouded corruption is fast unravelling," states the Global Corruption Report 2001, released today by Transparency International (TI), the leading non-governmental organisation fighting corruption. In the Philippines, "public outrage at corruption forced a leader out

of office", while in Mexico and elsewhere "numerous and prominent elections have centred on the fight against graft". The Global Corruption Report 2001 is the first comprehensive report on the state of corruption around the world. "We are publishing the Global Corruption Report 2001 to strengthen public understanding of the pervasiveness of corruption and the damage this scourge does to building democracy, securing human rights, fighting poverty, and building a level playing field in international business transactions," says Peter Eigen, Chairman of Transparency International. "Sadly, even terrorism thrives on the wings of corruption."

TI plans to publish the Global Corruption Report on an annual basis. The Global Corruption Report 2001's detailed regional reports on the latest trends and developments in the world "paint an alarming picture," says Peter Eigen. "Corruption deepens poverty around the globe by distorting political, economic and social life," he says, but continues: "This new report contains rays of hope. The authors, who are journalists and scholars from many nations, find that increasing numbers of governments and business organisations are starting, albeit modestly, to take positive steps to curb bribery. In particular, citizens' action is beginning to call politicians to account in all corners of the world."

"Corruption is now on the agenda at the highest level of politics. While his campaign against 'soft money' campaign finance gave John McCain a national following in the US, politicians in Mexico and Nigeria have put the fight against corruption at the centre of their agenda," states Peter Eigen at the launch of the Global Corruption Report 2001. But civil society organisations are calling politicians to account more than ever, he continued: "From the Visible Candidates campaigns by chapters of Transparency International in Ecuador, Argentina, Latvia and now Germany, which call on politicians to disclose their sources of funding, to the waves of protest against corrupt political elites in the Philippines and Peru, there has been a sea change in public attitudes towards corruption."

"The message of the Global Corruption Report 2001 is crystal clear," says Peter Eigen. "While cronyism persists, an international coalition is emerging around the need to cut off the avenues available to corrupt elites for diverting their ill-gotten gains into foreign bank accounts. The report highlights the vital need for greater efforts at the national and international levels to curb corruption. Since the attacks on the World Trade Centre, the world is finally waking up to the urgency to accelerate the pace of anti-money laundering measures, but it is also essential that we promote a clearer understanding around the world of the crucial importance of an independent judiciary and a free press to make governments accountable to the public."

"The Global Corruption Report 2001 tackles uncomfortable issues, from the Elf Aquitaine affair and corruption in conflict zones to the fall of corrupt leaders," adds the editor of the new report, Robin Hodess. "We have brought together a large number of exceptional writers with a mandate to write honestly about corruption trends in the parts of the world they know best and about a series of special issues, notably money

laundering, bribery in political party financing, transparency in the diamond trade, and implementing new international anti-bribery laws," she continued.

"We are telling today's global bribery story, with 12 regional reports, while at the same time creating a unique reference work, which provides summaries of the most exciting research and survey studies on the subject of corruption. We think this section of the book will be widely seen in universities and editorial rooms as an indispensable reference tool," says Robin Hodess.

The Global Corruption Report 2001 charts the positive reforms - such as legislative breakthroughs and the establishment of independent anti-corruption agencies - as well as the setbacks. It highlights civil society campaigns to combat corruption all over the world, noting that, "when aided by the news media and the power of the vote, civic action has played a key control function in the struggle to stop corrupt practices". A media spotlight has resulted in widespread awareness that corruption is strangling societies around the globe. Despite the dangers journalists have faced, the news media reported vigorously during the year, whether tracking bribery in the Argentinian senate or exposing electoral malpractice in Ghana. In relative terms, the news media also managed to become more active in places not known for press freedom, such as the Middle East and North Africa."

"The increasing prominence of corruption in public debate has pushed leaders, both new and not so new, to address corruption," writes Peter Eigen. "Russia's President Vladimir Putin, in his quest to enforce the rule of law, has had to face the reality that corruption is rampant throughout the Russian establishment: a single decade of privatisation of state assets resulted in the outflow of tens of billions of dollars into the personal overseas bank accounts of former state officials. In Japan, the new leadership seems to recognise that economic recovery requires a loosening of the stranglehold that has kept corruption a taboo in political debate. Accused of foot-dragging until recently, the Japanese government, along with the re-elected Labour government in Britain, have started bringing national legislation into line with the OECD Anti-Bribery Convention."

For further information or to request a review copy, contact Robin Hodess at +49 30 3438 2036, or, to view the Global Corruption Report electronically, visit www.globalcorruptionreport.org

