



# TRANSPARENCY INTERNATIONAL CANADA INC. NEWSLETTER

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## A Decade of Accomplishments

- 1996** - official **launch** of TI-Canada, November 15, 1996
- 1997** – met with **Canadian federal government Ministers, Deputy Ministers and senior government officials** re. Canadian actions to curb international illicit activities
- 1998** – with Canadian Council for International Business, successfully lobbied for **timely passage of legislation** for the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* to take effect
- 1999** – proposed a four-part **government-wide anti-corruption work plan and agenda** to Canadian federal government
- 2000** – hosted **Transparency International Annual Members Meeting**, “The Anti-Corruption Agenda in a New Decade: Defining Issues, Identifying Allies,” in Ottawa, featuring TI’s first Integrity Awards
- 2001** – participated in **civil society meetings of the III Summit of the Americas**, Quebec City
- 2002** – participated in **international coalitions**: inauguration of the Governance Reporting Initiative, UN, New York; OECD Fourth Annual Informal Consultations with Civil Society, Paris Working Group of the TI Americas Chapters
- 2003** – chaired **committee for creating a TI Code of Ethics** for the international movement
- 2004** – spearheaded “**Integrity Pact in the Oil and Gas Sector in Nigeria**” conference, with TI-Nigeria, TI-Norway and TI Secretariat in Abuja, Nigeria, a four phase project.
- 2005** – participated in **international fora**: Forum for the Future G8 Broader Middle East and North Africa meetings in Jordan, Lebanon and Bahrain, the Canadian review for the Inter-American Convention Against Corruption to the OAS Committee of Experts, Washington, D.C., the civil society meeting of the IV Summit of the Americas, Argentina.

## **Transparency International: New Perspectives**

### **Keynote speaker: Huguette Labelle**

At TI-Canada's annual symposium, held on 26 May, TI Chair Huguette Labelle emphasized the need to address corruption in order to reduce poverty. She noted that US \$1 trillion is lost to corruption, each year. According to the World Bank and the IMF, another US \$1 trillion is laundered, each year. Everyone is affected, including shareholders, who will not be protected, as long as there is corruption.

Positive steps have been made, however, in the fight against corruption. TI created a strong foundation in its first decade; the various indices (Corruption Perceptions Index, Bribe Payers Index, Global Corruption Barometer, etc.) keep the topic on many agendas, including those of the World Bank and the IMF; and anti-bribery conventions, such as those of the OECD, the Organization of American States, the African Union, and, most recently, the UN Convention against Corruption, serve to hold those countries who have signed them to account, allowing, for example, dirty money to be tracked.

Nonetheless, there is much more work to be done. Corrupt systems are extremely resilient – when you think a loophole has been fixed, there are those who find a way to go around it. Power and money are being decentralized to local governments, which, on the whole, are not ready to cope adequately with them.

TI is working in a number of areas to address anti-corruption needs. For example, TI's National Integrity System, which researches federal responses to corruption, needs to be adapted to the local level; the prevention of corruption through education needs to continue to grow; SMEs have special challenges, with regard to bribery, which need to be addressed.

### **12<sup>th</sup> International Anti-Corruption Conference**

#### **“Towards a Fairer World: Why is corruption still blocking the way?”**

With billions of people still mired in poverty and delivery on the promises of many new governments and anti-corruption campaigns yet to materialise, it is time for the movement to ask itself some serious and probing questions. After nearly two decades of research, advocacy and reform, why is corruption still such a huge problem? There is an urgent need to reflect and regroup, to look beyond our traditional coalitions, to find new voices and new faces, to energise this vital fight, upon which justice and the welfare of the global community depends. The IACC provides an excellent context for an honest and rigorous examination of these questions, so that together we can move towards a fairer world.

#### **Date:**

15-18 November 2006

#### **Contact/Organiser:**

IACC Council and Transparency International  
Contact: Roberto Perez-Rocha at  
[rprocha@transparency.org](mailto:rprocha@transparency.org)

#### **Further information:**

[www.12iacc.org](http://www.12iacc.org)

#### **Place:**

Guatemala City and Antigua, Guatemala

These are but a few examples of the areas in which TI continues to monitor and encourage world-wide anti-corruption efforts.

### **TI-Canada: A Retrospective**

TI-Canada Founding Chair and President, Wes Cragg, provided a retrospective of TI-Canada's first 10 years (see page one for a quick overview), providing a flavour of the organization – what it has been doing, what it should be doing and where it should be going. He emphasized that corruption is a process problem – a way in which business is done – and not a policy problem. TI National

Chapters, including TI-Canada, are the leading edge in this process, as they deal with corruption at the grassroots level. The gathering thanked Dr. Cragg for his 14 years of dedication to TI-Canada and the anti-corruption movement.

### **Schulich School of Business recognized**

On behalf of TI-Canada, Dr. Cragg presented Dean Dezso Horvath with a recognition plaque in gratitude to the Schulich School of Business for its many years of kind support to the National Chapter. Both Dean Horvath and Dr. Labelle were strong supporters of TI-Canada from its inception and played key roles in the effectiveness of the organization. Dr. Horvath noted that the Schulich School of Business would continue to support TI-Canada in its important contribution to the international movement.

### **TI-Canada: Future activities**

Following Dr. Cragg's retrospective, incoming Chair and President, Clare Bonnell, engaged attendees in a keen discussion concerning future TI-Canada activities on the international, national and local levels. A number of present activities were reconfirmed, while new suggestions were offered for the Board to review. While there is a need to be selective, due to TI-Canada's small size, a number of initiatives are carried out in concert with other government, business and NGO entities.

In its subsequent September Board Meeting, the TI-Canada Board confirmed the following long-term goals of the Canadian National Chapter of TI:

1. That all levels of Government have effective anti-bribery measures
2. That Canadian companies, their subsidiaries, supply and distribution chains do not bribe

3. That the Government complies with and advocates for global and regional conventions against corruption
4. That transparency exists in all Canadian organisations

To achieve these, TI-Canada works with the TI Secretariat and other TI National Chapters, and through the following TI-Canada Committees: Governance and Nominating, Membership, Municipal Governance, International Conventions, Extractive Industries and Americas.

### **New TI-Canada Board Members**

At its Ninth Annual General Meeting, the following new Board Members were elected:

**Donna Kennedy-Glans** is a lawyer and business executive, with over twenty years of practical experience guiding large international corporations in their management of integrity dilemmas, at head office and on the ground in more than thirty jurisdictions. This experience includes managerial and executive roles within extractive companies, most recently as a VP with Nexen Inc. Ms. Kennedy-Glans is founder of Integrity Bridges ([www.integritybridges.com](http://www.integritybridges.com)), a consultancy that shares expertise, training and management tools and practices to enhance the capacity of management teams in organizations to clarify their integrity vision at a policy level; define their integrity commitments at a strategic level; and imbed these commitments in their actions at a project level. Integrity Bridges also supports governmental, community and not-for-profit organizations in their definition of business roles in society, and in fostering collaborative engagement. Management tools include practical, tested processes and tools introduced in *Corporate Integrity: A Toolkit for Managing beyond Compliance* (Wiley, 2005), with Ms. Kennedy-Glans as lead author. Ms. Kennedy-Glans is also the founder of Bridges Social Development ([www.canadabridges.com](http://www.canadabridges.com)) a Canadian-based humanitarian organization that

offers “inspiring women” programs in the Middle East and Africa, with a focus on capacity building for women in healthcare, law, journalism, politics and education.

**James M. Klotz** is an international business lawyer and practices law with Davis & Company LLP, where he Chairs the International Corporate Governance Group and the International Business Transactions Group, in Toronto. He is currently recognized as a leading Canadian International Trade lawyer by LEXPERT. Mr. Klotz is also an adjunct Professor of International Law, Osgoode Hall Law School, Toronto, and the author of several books: *Power Tools for Negotiating International Deals* (2000, Global Business Press Inc., Toronto); *ABA Guide to International Business Negotiations, 2nd Ed.* (Contributing Author), ABA Publishing, Chicago, 2000; and *International Sales Agreements: A Drafting and Negotiation Guide* (1998, Kluwer International, New York; 1997, Canada Law Book, Toronto). He is a Deputy Secretary-General and Council Member of the International Bar Association, and is Immediate Past-Chair of its International Sales Committee. He is also a Divisional Chair of the International Law Section of the American Bar Association and Immediate Past-Chair of the Canada Law Committee. He is the past chair of the International Law Section of the Canadian Bar Association. Mr. Klotz is admitted to practice law in Ontario and England and Wales, and he speaks both French and Mandarin Chinese.

**W. Morley Lemon** is a Professor Emeritus of the University of Waterloo. He was the PricewaterhouseCoopers Professor of Auditing at the School of Accountancy, the University of Waterloo, 1993-2004 and served as Director of the School of Accountancy 1987-1988 and 1998-2002. He has been a Visiting Professor at the McCombs School of Business, University of Texas at Austin 2003, 2006 and at the

University of Auckland, New Zealand 2004, 2005. Professor Lemon was awarded the University of Waterloo Distinguished Teacher Award in 1998. He obtained his BA from the University of Western Ontario, his MBA from the University of Toronto, and his PhD from the University of Texas at Austin, and his CA in Ontario, where he was elected a Fellow in 1985 and received the ICAO Award of Outstanding Merit in 2003. He received his CPA in Texas. In addition to many other publications, Professor Lemon is a coauthor of six Canadian editions of *Auditing and Other Assurance Services*, a coauthor of six Canadian editions of *Accounting*, and a coauthor of two Canadian editions of *Financial Accounting*, all published by Pearson Education Canada. He was a member of the Canadian Institute of Chartered Accountants’ Assurance Standards Board. He has also served on the Institute of Chartered Accountants of Ontario Council, as well as a number of committees for both bodies. He has chaired and served on a number of committees of the Canadian Academic Accounting Association. Professor Lemon has served on Council and chaired and served on a number of committees of the American Accounting Association.

**Don McCutchan** is the International Policy Advisor, Gowling Lafleur Henderson LLP, where he advises clients on economic and government policy. His work involves high-level liaison with the government of Canada and the government of the United Kingdom, as well as international financial institutions. Mr. McCutchan has extensive experience coordinating strategies with governments and other official agencies, including the World Bank, the IMF and the OECD. As a former senior official at the Canadian Department of Finance, Mr. McCutchan was involved in virtually all areas of government policy, as well as the negotiation of the Canada/U.S. Free Trade Agreement. Mr. McCutchan served as *(continued on page 7)*

### **TI Launches Bribe Payers Index 2006**

On 4 October 2006, TI launched its third Bribe Payers Index (BPI), a ranking of 30 leading exporting countries according to the propensity of their firms to bribe abroad, i.e., the “supply side” of corruption. The Index is based on two questions commissioned by TI to the World Economic Forum, as part of the WEF’s Executive Opinion Survey. Responses were captured from 11,232 business executives from 125 countries, who were asked about the propensity of the foreign firms, that do the most business in their country, to make undocumented extra payments or bribes.

Results of the BPI highlight that bribery abroad, while now illegal under the OECD Anti-bribery Convention, remains prevalent; identify where reform and enforcement is needed; and show that companies use double standards and behave differently when operating in OECD countries and in low income countries.

While Canada continues to rank high in the BPI, there are no winners, as is evidenced by the fact that all 30 countries show a propensity to corruption. Some recommendations for improvement include the need for OECD countries stepping up enforcement of the OECD Anti-bribery Convention’s prohibition of foreign bribery and committing the necessary resources to monitor one another’s enforcement; Russia, China and India voluntarily adopting the provision of the OECD Anti-bribery Convention; multilateral development banks debarring companies found guilty of foreign bribery; companies taking responsibility, which includes conducting due diligence when engaging in partnerships or acquisitions and adopting and enforcing strict internal no-bribes policies; and developing countries vigorously prosecuting foreign companies found to have bribed on their soil. For further information, visit: [www.transparency.org](http://www.transparency.org).

## Bribe Payers Index 2006

Rank	Country	Average score	Percentage of global exports (2005)	Ratification of OECD convention	Ratification of UNCAC
1	Switzerland	7.81	1.2	X	
2	Sweden	7.62	1.3	X	
3	Australia	7.59	1.0	X	X
4	Austria	7.50	0.5	X	X
5	Canada	7.46	3.5	X	
6	UK	7.39	3.6	X	X
7	Germany	7.34	9.5	X	
8	Netherlands	7.28	3.4	X	
9	Belgium	7.22	3.3	X	
	US	7.22	8.9	X	X*
11	Japan	7.10	5.8	X	
12	Singapore	6.78	2.2		
13	Spain	6.63	1.9	X	X
14	United Arab Emirates	6.62	1.1		
15	France	6.50	4.3	X	X
16	Portugal	6.47	0.3	X	
17	Mexico	6.45	2.1	X	X
18	Hong Kong	6.01	2.8		
	Israel	6.01	0.4		
20	Italy	5.94	3.6	X	
21	South Korea	5.83	2.8	X	
22	Saudi Arabia	5.75	1.8		
23	Brazil	5.65	1.2	X	X
24	South Africa	5.61	0.5		
25	Malaysia	5.59	1.4		
26	Taiwan	5.41	1.9		
27	Turkey	5.23	0.7	X	
28	Russia	5.16	2.4		X
29	China	4.94	5.5		X
30	India	4.62	0.9		

\*Still to be deposited at the UN

Source: IMF, international finance statistics, 2005 figures. Available at:

[http://ifs.apdi.net/imf/output/93B496BD-DCF8-41F8-B0F5-31C7A0A0793C/IFS\\_Table\\_36789.701535.xls](http://ifs.apdi.net/imf/output/93B496BD-DCF8-41F8-B0F5-31C7A0A0793C/IFS_Table_36789.701535.xls)

(continued from page 4) Canada's founding Executive Director at the European Bank for Reconstruction and Development (EBRD). Prior to joining Gowlings in 1997, Mr. McCutchan was Vice President of Reichmann International. At present, he is the President of the Canadian Association of Income Funds. He is also a trustee for Clean Power Income Fund and the McMichael Canadian Art Collection, and is a Director of the Couchiching Institute of Public Policy and the Empire Club of Canada.

**David Shugarman** joined the Department of Political Science, York University, in 1971. His two-term Mastership of York's McLaughlin College spanned the years 1992-2004. He is a founding member of the York Centre for Practical Ethics, and served as its Director for its first five years and is serving a further three-year term as Director. His recent publications include *Honest Politics* (1997), co-authored with Ian Greene; *Cruelty and Deception: The Controversy Over Dirty Hands in Politics* (2000), co-edited with Paul Rynard; and a commentary on public inquiries and democratic accountability in an anthology entitled, *Commissions of Inquiry – Praise or Reappraise* (2003). He and Ian Greene produced a review essay on the Gomery Commission Inquiry for the spring issue of *Canadian Public Administration*. Dr. Shugarman's research interests focus on accountability and integrity in government and on the ethics of international intervention.

These five new Board Members join Elizabeth Beale, David Brennan, Anita Davis, Ian Marshall, Robert Olivero and John Swinden, as well as the following Board Members who were reappointed to the Board: Clare Bonnell, Joy Kennedy and John Willson.

### **New Chair and President for TI-Canada**

At its Board Meeting, directly following the Ninth AGM, the TI-Canada Board elected the following officers for 2006 – 2007:

Chair and President – Clare Bonnell

Treasurer – John Swinden, FCA

Secretary – Bronwyn Best

**Clare Bonnell** has been a senior manager in not-for-profit organizations providing services to developing countries since 1974. She enjoys building organisations that contribute to social justice. After an early career in social work in the UK, she held increasingly responsible positions in a US-based international development agency from 1974 to 1984. During this time she spent five years in Hong Kong, managing community development programs, conducting operational planning seminars for service organizations and training community work undergraduate students.

In 1985, Ms. Bonnell immigrated to Canada and, in 1986, joined CESO, as Director of Operations for the international program. In 1993, she was made Vice President of the program. Her work took her to 35 countries and across Canada. In the mid 90's CESO's international program underwent significant growth including work with the public sector; it was during this time Ms. Bonnell became aware of the destructive effects of corruption in aid programs. She was invited to join the board of TI-Canada in 1999. In 2004, Ms. Bonnell was appointed Executive Director of the International Society of Augmentative and Alternative Communication (ISAAC), a federated organisation of 14 national chapters and a 50 country membership, which advances the field of alternative means of speech for people who cannot use their voices. Ms. Bonnell was Chair of the Ottawa-based Philippine Development Assistance Program from 2003 to 2004.

