



TRANSPARENCY INTERNATIONAL CANADA INC. NEWSLETTER

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Integrity Pact Conference in Nigeria

Four and a half years ago, TI-Canada began discussions with Transparency in Nigeria (TIN), regarding a project which would address the issues of transparency and accountability in the oil and gas sector in Nigeria. With the financial support of CIDA, Nexen Inc. and StatOil (of Norway), and the cooperation of TI-Norway and the endorsement of the Extractive Industries Transparency Initiative (EITI) and the Niger Delta Development Commission (NDDC), the first phase of the project was realized with a conference in Abuja, Nigeria, May 27-28, 2004, on "Integrity Pact for the Oil and Gas Sector in Nigeria."

Accompanied by a TIN colleague, Dr. Wesley Cragg, Chair and President, TI-Canada, had the opportunity to introduce the project to the key stakeholders and receive their endorsement, in Lagos, Abuja and Port Harcourt, in December 2001. While the project encountered a number of delays, its eventual timing could not have been better. Recognition, by many parties, of corruption in the oil and gas sector in Nigeria and its attendant effects had grown to an intolerant level.

With the recent (February 2004), successful introduction in Nigeria of the EITI, more and more attention has been focussed on the issue of corruption in the oil and gas sector in Nigeria. The main objective of the first phase of the Nigeria Project was to introduce the potential of Transparency International's corruption-eradicating tool, the Integrity Pact (IP) (a contract between a government institution and bidders on a tender that there will be no bribery anywhere in the process), for the economic development projects of the state-

owned Niger Delta Development Commission (NDDC).

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From the beginning of the Project, strong support has been received from CIDA headquarters. Over the past year, the Canadian High Commission in Nigeria and the CIDA representatives at the post have also thrown tremendous support behind the Project. With modest financial support, a dedicated team of collaborators from the three National Chapters, along with the Transparency International Secretariat (TI-S), were able to make positive inroads into the improvement of governance in Nigeria's oil and gas sector.

Integrity Pact for the Oil and Gas Sector in Nigeria

In the Opening Session, the conference was addressed by Chief Olusegun Obasanjo-GCFR, President of the Federal Republic of Nigeria. There were a number of other key presenters, including Dr. (Mrs.) Oby Ezekweseli, Senior Special Assistant to the President, Head Budget Monitoring and Planning Unit, and Coordinator, National Stakeholders' Working Group on EITI.

Themes discussed throughout the conference included the EITI plan, as well as the challenge of corruption in the oil and gas sector as faced by government, industry, labour and NGOs. The concept of an Integrity Pact, as developed by Transparency International, was introduced by Ms. Bronwyn Best, National Coordinator, TI-Canada, and the potential for its application was discussed through a process facilitated by Dr. Cragg.

The conference was attended by some 75 people representing the following 52 organizations:

Ijan Youth Council, Bayelsha State Youths Federation, Publish What You Pay (Nigeria), Centre for Voluntary and Community Services, StatOil, TIN, PENGASSAN, Exam Ethics Project, FRCN, IATN, Centre for Responsive Politics, Niger Delta Initiative for Development, Women's Right to Education Program, National Assembly, IAFN, MOSOP, Shell, Centre for the Development of Civil Society, British High Commission, NUPEN, UNDP, Oxfam, Institute of Human Rights & Humanitarian Law, African Network for Environment & Economic Justice, Ministry of Petroleum Resources, Independent Corrupt Practices and Other Related Offences Commission, House of Representatives, CIDA, Global Rights Partners for Justice, Norwegian Embassy, Women's Environmental Program, Canadian High Commission, Poverty Alleviation Institute of Nigeria, Public & Private Rights Watch, Business Day, State House, NNPC – NAPIMS, Media Right Agenda, NLNG, Citizen Communications, Ijan National Congress, Africa Leadership Forum, CWSL, CAPP, NGO Coalition for Environment, Ministry of Finance, Ministry of Commerce, Niger Delta for Professional Development, TI-Canada, TI-Norway, TI Secretariat.

TIN did an excellent job of organizing the conference and ensuring the participation of the essential and correct key players.

Resolutions

The following **resolutions** emerged from the Group Work carried out on the final afternoon and were adopted by the conference:

1. That we have accepted the Integrity Pact (IP) as a key tool to attaining transparency and the

elimination of corruption in public procurement contracts, and they should be encouraged and implemented;

2. That the President has endorsed the IP in principle and that governments must show commitment to IPs in order for them to be effective;
3. That a network be built between Transparency in Nigeria (TIN) and other domestic and international bodies to promote the implementation of IPs in Nigeria, beginning with the oil and gas sector;
4. That TIN and Transparency International (including other National Chapters and the Secretariat) target capacity building for Nigerian civil society, relevant government agencies and, in particular, the oil-bearing communities;
5. That freedom of information is a required foundation for effective IPs; for this reason, TIN should work with the existing supporting agencies to push for a speedy enactment of the Freedom of Information Act;
6. Following the resolutions above, it was agreed to hold a follow-up workshop on the application of the Integrity Pact to a particular agency, namely the NDDC.

The conference was the first phase in a four phase project. The second phase is a workshop, which is planned to take place in Port Harcourt, Nigeria, in the fall of 2004, where the concept of the Integrity Pact will be studied in detail. Upon successful completion of this workshop, the Third Phase of training for the monitoring of the Integrity Pact will be implemented, and the final phase, that of an actual Integrity Pact, will be carried out.

*--for further information on Integrity Pacts, visit:
www.transparency.org*

Corruption – is Canada in Trouble?

On 13 May 2004, TI-Canada held a symposium, “Corruption – Is Canada in Trouble?” The symposium was held at the Schulich School of

Business, with the Business Ethics Office as sponsor.

The Hon. Bob Rae, of Goodmans LLP, opened the symposium with a talk on “Whither Public Service Values and Ethics?” Mr. John Dalla Costa, Founding Director, Center for Ethical Orientation then addressed the central theme of “Corruption – is Canada in Trouble?,” followed by Dr. Ian Greene, Professor of Political Science and Chair of the Senate, York University, who looked at “New Ethics Legislation for Canadian Parliament.” Mr. Patrick Moyle, Chief Administrative Officer of the Town of Caledon and former Executive Director of the Association of Municipalities of Ontario, discussed the issue of whether or not corruption is a worry in the municipal government, and Mr. John Sewell, community organizer, columnist and former Mayor of Toronto, concluded with a healthy look at the question, “Toronto the Good?”

*--for papers available from the symposium, visit:
www.transparency.ca*

TI-Canada 7th Annual General Meeting

Following the symposium on “Corruption – Is Canada in Trouble?”, TI-Canada held its Seventh Annual General Meeting. Of note was the following change to TI Canada General By-law Number 1:

Article 9, as it had been worded was deleted and replaced by:

“Article 9 - Election and Term

Subject to the provisions of this by-law, directors shall be elected for a term of three (3) years from the date of the meeting at which they are elected until the third annual meeting next following or until their successors are elected or until their earlier resignation or removal, provided that the term of the directors elected at the first annual meeting and at any subsequent annual meeting shall be such combination of one, two and three year terms as determined by the board of directors in advance of such annual meeting. Such determination of terms of office shall take into account the limitation on the number of years that a director may serve on the board as provided in this Article 9 and otherwise will provide as closely as possible for the term of one third of the board of directors to expire at the time of each annual

meeting. Nominations proposed to be made at any annual meeting of members for the election of directors must be in writing and must be filed with the secretary of the corporation at least four (4) days prior to the scheduled date for such meeting. A director who has served six (6) years on the board of directors must retire for one year before being eligible for election or appointment as a director for a further term. In no event shall a director serve, or be eligible for election or appointment to serve, as a director on the board for more than nine (9) years in total. For the purposes of this Article 9, in calculating the number of years that a director has served on the board a part year of six (6) months or less in the overall calculation shall not be included and a part year of more than six (6) months in the overall calculation shall be considered to be a full year.”

Three retiring members of the TI-Canada Board, Mr. Ian Marshall, Mr. P. K. (Sunny) Pal and Mr. David Selley, were thanked for their many valued contributions, over the past several years. TI-Canada has made many strides, since its founding in November 1996, and Board Members have played a key role in this process.

Three new members were elected to the Board:

Mr. Robert Blackburn is currently senior vice-president of SNC Lavalin, a major Canadian engineering company active in Canada and internationally. He is also chairman of the International Committee of the Association of Consulting Engineers of Canada. Prior to assuming his current position in mid 1997, he was a consultant to several organizations, including a Crown financial institution. Before moving to the private sector in 1995, Mr. Blackburn spent almost thirty years in the Canadian public service. Initially in the Foreign Service, he had assignments in Paris, Ottawa and Washington (twice) where he was responsible for Canada-U.S. and international energy relations. In the early 80s he moved to a senior position in the Department of Energy Mines and Resources; and in his last thirteen years in government he was assistant deputy minister responsible for policy development in the departments of Industry Science and Technology, and in Citizenship and Immigration and in the Privy Council Office, where he was secretary of the Priorities and Planning Committee of Cabinet for

almost five years under Prime Ministers Trudeau and Mulroney. Mr. Blackburn serves as Chair, Canadian Council on Africa.

Professor Errol Mendes is a lawyer, author, professor and adviser to NGOs, corporations, government and the United Nations. His teaching, research and consulting interests include corporate law and governance, global governance, international business and trade law, constitutional law, international law (including anti-terrorism laws and policies) and human rights law and policy. He has been a project leader for conflict resolution, governance and justice projects in China, Thailand, Indonesia, Brazil, El Salvador, Sri Lanka and India. Professor Mendes has also been an adviser to several of Canada's largest corporations. In 1999, in recognition of his work on business ethics in Canada, the Office of the Secretary General of the United Nations invited Professor Mendes to be an adviser on the Global Compact initiative of the Secretary General.

Since 1979, Professor Mendes has taught at law faculties across the country, including the University of Alberta, from 1979 to 1984, the University of Western Ontario, from 1984 to 1992 and the University of Ottawa from 1992 to present. He was a visiting Professor at the Faculty of Law, McGill University and the Université de Montréal in 1992. He was appointed in 1995 to a two-year term as a member of the Canadian Human Rights Tribunal Panel and re-appointed in 1997. He also has extensive experience as a Human Rights Adjudicator under the Ontario Human Rights Code.

Since 1999, when he retired as a partner with Ernst & Young, **Mr. John Swinden** has served as a Director and Audit Committee Chair for Van-Rob Stampings, an automobile parts manufacturer with operations in Ontario, USA and Mexico; financial management consultant and CFO for St John Ambulance, Ontario Council; accounting expert to the judge in a private commercial Alternative Dispute Resolution arbitration, including a stage as mediator; consultant and claims handler with Ernst & Young International Legal Claims Group; estate executor and trustee; and a personal and estate financial advisor. Mr. Swinden joined Clarkson Gordon & Co., the precursor of Ernst & Young, in 1960, and was elected a partner in 1969. His

experience in the firm included 19 years in the audit practice, seven years as the National Director of Computer Audit Specialists, five years as Chief Financial Officer of the Canadian Ernst & Young partnership, five years in the practice of forensic accounting, one year in the national legal group concentrating on national practice risk management issues and three years, to December 1998, as the world-wide Director of Risk Management for Ernst & Young International, located in London, England. In a Board Meeting following the AGM, Mr. Swinden was elected Treasurer of TI-Canada.

G-8 Leaders Focus on Corruption

In the final statement of the recent G-8 Summit in Sea Island, the countries committed to "become parties to the (UN Convention Against Corruption) and call for rapid signature and completion of all necessary steps to ratify and implement the Convention, and support the convening in Vienna of a multilateral 'Friends of the Convention' process for promoting active and effective implementation." G-8 governments also committed to assisting developing countries in accomplishing the objectives of the UN Convention Against Corruption.

The Summit produced the following statement regarding the fighting of corruption and the improving of transparency:

"Last year in Evian we committed ourselves to act together, and with developing country partners and the international community, to fight corruption and improve transparency. We will do still more to help cut away the burden of corruption on economic growth. What follows is a report on follow-up to the commitments we made in Evian.

Country-led Transparency Compacts Launched

G-8 governments are working with a number of developing countries with a view toward building voluntary partnerships to assist their efforts to increase transparency and thereby to use public resources wisely. These efforts will focus on transparency in public budgets, including revenues and expenditures, government procurement, the letting of public concessions and the granting of

licenses. Special emphasis will be given to cooperation with countries with large extractive industries sectors. These partnerships will be put in place through voluntary compacts that lay out commitments on both sides in support of country-owned strategies and in full complementarity with ongoing initiatives and programs.

- The Governments of Georgia, Nicaragua, Nigeria and Peru have come forward with the first such compacts to achieve these important goals. Other interested countries are actively pursuing compacts. We task our relevant ministries to develop in partnership with these countries implementation plans.

- Partner governments have specified, in concrete terms, what they intend to do to bring greater transparency and accountability to the management of public resources.

- Participating G-8 countries will support them by providing bilateral technical assistance and political support. With each compact partner, participants will develop action plans that set forth our joint efforts to achieve measurable improvements in these areas.

- Participating G-8 governments will work with partner countries to enlist the support and engagement of private companies, organizations and civil society, as well as international institutions.

- For partner countries rich in oil, natural gas, and mineral resources, the compacts will pay particular attention to the transparency of revenue flows and payments in these sectors, while protecting the necessary confidentiality of business operations. Our shared goal is to help combat the harmful effects on development when national resources and revenues are misused. Complementary efforts to promote transparency are also taken forward by countries participating in the Extractives Industry Transparency Initiative.

UN Convention Against Corruption Agreed

G-8 governments met their Evian goal of seeing conclusion of the UN Convention Against Corruption, which establishes high international standards of public integrity, transparency and accountability, and facilitates the recovery of illicitly acquired assets that have been transferred abroad. To ensure that this important new international agreement is implemented effectively, we will:

- Remain committed to become parties to the Convention and call for rapid signature [Canada signed on May 21, 2004] and completion of all necessary steps to ratify and implement the Convention, and support the convening in Vienna of a multilateral “Friends of the Convention” process for promoting active and effective implementation.

- We are committed to translating the words of this Convention into effective actions and assisting third countries, particularly developing countries, in accomplishing the objectives of the Convention.

- We welcome the agreement of Justice and Home Affairs Ministers on recovering proceeds of corruption.

- We support our Ministers' determination to detect, recover and return these illicitly acquired assets, including by:

- establishing G-8 accelerated response teams;

- enhancing G-8 asset recovery case coordination; and

- holding G-8 asset recovery workshops.

- To meet these goals, we will ensure that:

- each of our countries has rules in place by Summer 2005, where possible, to require due diligence for “politically exposed persons” accounts;

- each of our countries has rules in place, preferably by 12/31/04, to require wire transfer originator information;

- we create G-8 best practices for modalities of disposition and return; and

- we explore effective measures to recover assets in corruption cases.

Denying Safe Haven to Officials Guilty of Corruption

We reaffirm our commitment at Evian to seek in accordance with national laws to deny safe haven to public officials guilty of corruption, by denying them entry, when appropriate. We will direct our experts to examine and improve efforts to achieve this objective and review progress at our next Summit.

Public Financial Management and Accountability Strengthened

We welcome the real progress to strengthen public financial management and accountability programs

in the International Financial Institutions (IFIs). The IMF agreed to publish its program documents and surveillance reports effective July 2004.

The Inter-American Development Bank also agreed on an improved disclosure policy. We will encourage countries to meet the high disclosure and transparency standards set by the IFIs and to:

- Achieve agreement on full disclosure of the World Bank International Development Association's (IDA) Country Policy and Institutional Assessment results, with disclosure to start with the 2005 ratings;
- Seek full disclosure of performance evaluations in the regional development banks;
- Maintain solid G-8 support for mandatory publication of country assistance strategies at the World Bank and the Asian Development Bank this year, and at other regional banks in the future.
- Encourage IMF members to complete and publish IMF reports/diagnostics that examine each country's budget procedures to determine the level of transparency and accountability;
- Support the efforts of the Public Expenditure and Financial Accountability (PEFA) program at the World Bank to help developing countries achieve accountability in public finance and expenditure and to extend harmonized approaches to the assessment and reform of their public financial and accountability systems; procurement should follow a strong, parallel track to ensure that it is not subsumed or marginalized by the streamlining; and
- Invite developing countries to prepare anti-corruption action plans to implement their commitments in regional and international conventions.

OECD Anti-Bribery Convention Reviews Accelerated and Corporate Compliance Programs Encouraged

We made good progress to fulfill the G-8's Evian pledge to strengthen OECD monitoring of the Anti-Bribery Convention. The OECD Council approved a reform package on in February, 2004, including a mechanism to fund the Working Group on Bribery (WGB). It achieves stable funding through 2007 to complete a full round of important peer reviews that examine member country's enforcement track record.

- We will adhere rigorously to our updated 2004-2007 enforcement review schedule, honour our pledges to serve as lead

examiners or examinees, and send our prosecutors and other law enforcement officials to participate in peer reviews.

- We will encourage efforts of our private sectors to develop and implement corporate compliance programs to promote adherence to laws against foreign bribery, and welcome the positive steps already taken by certain industries to develop specific principles relevant to their specific activities to promote such compliance.

Framework Strengthened for Fighting Financial Crimes, Money Laundering and the Financing of Terrorism

All G-8 countries committed to implement the Financial Action Task Force (FATF) revised 40 recommendations adopted in June 2003.

We are promoting implementation of the UN Transnational Organized Crime (TOC) Convention. We will develop a diplomatic strategy to urge speedy consideration of ratification of the TOC Convention and coordinate with others, including donors to the UN Office on Drugs and Crime, to provide technical assistance to promote implementation of the Convention.

We strongly support the broad international effort undertaken by the IMF/World Bank, the FATF and other international organizations to assess jurisdictions' compliance with the anti-money laundering and combating of the financing of terrorist (AML/CFT) standard. We urge all jurisdictions to move with dispatch to address shortcomings in their regimes. As part of the international effort, we look forward to delivery of technical assistance to help jurisdictions address identified shortfalls in their AML/CFT regimes.

Transparency Focus in Trade Agreements Reaffirmed

We reaffirm our pledge at Evian to "work towards including in our regional and bilateral trade agreements provisions requiring transparency in government procurement, the awarding of concessions, as well as provisions on trade facilitation."

Review of Off-Shore Financial Centers Continues

We reaffirm our commitment to further enhance transparency and supervisory standards in financial markets in particular non-compliant off-shore centers. We ask our Finance Ministers to carry this work forward. In this regard, we welcome the IMF's regular monitoring and assessment of offshore financial centers' compliance with international standards. We also urge all financial centers, both off-shore and on-shore, to adopt high standards of transparency and exchange of information in all tax matters."

--source: www.g8usa.gov/documents.htm,
 "Compact to Promote Transparency and Combat Corruption"

Journalists continue to be killed for exposing corruption

The following is an all too common example of the fate of many journalists who continue to expose the scourge of corruption:

"The Center for Media Freedom and Responsibility (CMFR) and Reporters Without Borders (Reporters sans frontières, RSF) expressed outrage at the murder on 18 June 2004 of Eliseo "Eloy" Binoya, a Filipino radio journalist whose outspoken political commentary on local Radyo Natin in Malongon had apparently led to a recent physical attack and numerous death threats.

Binoya, 49, was fatally shot in the back by two assailants as he was returning from nearby General Santos City to the radio station he managed. He had just filed a complaint against three associates of Malongon's mayor, whom he had often accused of corruption. Binoya claimed that the mayor's nephew and two other men had attacked him physically on 7 June 2004. According to the local police chief, these three men are suspects in the murder.

Coincidentally, also on 18 June, 28 organisations attending the IFEX General Meeting in Baku issued a joint statement protesting "in the strongest possible terms the continuing physical attacks on crusading journalists in the Philippines, where 44 have been killed and dozens more hurt since the restoration of democracy in 1986. Most of these

journalists have been killed because of their reports on corruption."

--for the full report, see *IFEX Communiqué*, Vol. 3, No. 25, 22 June 2004; www.ifex.org/en/; *The IFEX Communiqué* is the weekly newsletter of the *International Freedom of Expression eXchange (IFEX)*, a global network of 65 organisations working to defend and promote free expression

TI-Canada wishes you a pleasant summer!

