



TRANSPARENCY INTERNATIONAL CANADA INC., NEWSLETTER

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Canada No. 1 in the Americas for the CPI

On 23 September 2008, Transparency International (TI) unveiled the 2008 Corruption Perceptions Index (CPI) – see http://www.transparency.org/policy_research/surveys_indices/cpi/2008 for the full Index. Among 180 countries listed in this year's index, Canada, maintaining the same position as in 2007, tied at 9th with Australia, with a score of 8.7 (out of 10), leads the 32 countries of the Americas region, included in the CPI. Of these 32 countries, 22 scored less than 5 points out of 10, indicating a serious corruption problem in the region. Eleven of the 22 scored 3 points or lower, indicating rampant corruption.

In a report from the TI Secretariat, it is noted that anti-corruption efforts seem to have largely stalled in the Americas region. While each country has its own specific reasons for this result, in recent years the strong economy growth of more than 5% in the region does not seem to have brought a reduction in income inequality. Other publications of TI, over the past few years, show that poor families tend to pay bribes more frequently, the lowest level of trust amongst the people is in the judiciary, and corruption was expected to have increased over the past three years. Although coun-

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Ethicscentre.CA Luncheon

Codes of Conduct in the Private Sector

Professors A. Scott Carson, Mark Baetz, Shelley McGill

Wednesday, October 8, 2008

**The Albany Club, 91 King Street East,
Toronto, 12:00 – 14:00**

**To register, visit: sss.ethicscentre.ca;
for more information on the *Codes*, see
article on page 4**

tries in the region have advanced significantly in the adoption of both anti-corruption conventions and legal

instruments, many still lack the effective enforcement that comes with the rule of law.

As noted in the report, “Canada, the high scorer in the region, maintains its place among the ten countries with the lowest perceived levels of corruption, and therefore serves as a benchmark and inspiration for the Americas.”

For full report, please visit: http://www.transparency.org/policy_research/surveys_indices/cpi/2008/regional_highlights_factsheets

...but still a long way to go

Although Canada leads the Americas in the CPI, it holds a score of only 8.7, with Denmark, New Zealand and Sweden sharing the highest score of 9.3. For all in the industrialized world, there is room for improvement, to reach a perfect score of 10.

As noted in TI's press release of 23 September 2008, "whether in high or low-income countries, the challenge of reigning in corruption requires functioning societal and governmental institutions. Poorer countries are often plagued by corrupt judiciaries and ineffective parliamentary oversight. Wealthy countries, on the other hand, show evidence of insufficient regulation of the private sector, in terms of addressing overseas bribery, by their countries, and weak oversight of financial institutions and transactions.

Stemming corruption requires strong oversight through parliaments, law enforcement, independent media and a vibrant civil society," said [TI Chair, Huguette] Labelle. "When these institutions are weak, corruption spirals out of control with horrendous consequences for ordinary people, and for justice and equality in societies more broadly."

The 2008 CPI highlighted the "fatal link between poverty, failed institutions and graft. But other notable backsliders in the 2008 CPI indicate that the strength of oversight mechanisms is also at risk among the wealthiest.

"In the poorest countries, corruption levels can mean the difference between life and death, when money for hospitals or clean water is in play," said ...Labelle. "The continuing high levels of corruption and poverty plaguing many of the world's societies amount to an ongoing humanitarian disaster and cannot be tolerated. But even in more privileged countries, with enforcement disturbingly uneven, a tougher approach to tackling corruption is needed....Stemming corruption requires strong oversight through parliaments, law enforcement, independent media and a vibrant civil society....When these institutions are weak, corruption spirals out of control with horrendous consequences for ordinary people, and for justice and equality in societies more broadly."

"...The weakening performance of some wealthy exporting countries, with notable European decliners in the 2008 CPI, casts a further critical light on government commitment to reign in the questionable methods of their companies in acquiring and managing overseas business, in addition to domestic concerns about issues such as the role of money in politics. The continuing emergence of foreign bribery scandals indicates a broader failure by the world's wealthiest countries to live up to the promise of mutual accountability in the fight against corruption.

"This sort of double standard is unacceptable and disregards international legal standards," said Labelle. "Beyond its corrosive effects on the rule of law and public confidence, this lack of resolution undermines the credibility of the wealthiest nations in calling for greater action to fight corruption by low-income countries." The OECD Anti-Bribery Convention, which criminalises overseas bribery by OECD-based companies, has been in effect since 1999, but application remains uneven.

Regulation, though, is just half the battle. Real changes can only come from an internalized commitment, by businesses of all sizes, and in developing as well as developed countries, to real improvement in anti-corruption practices."

For the full press release, please visit: http://www.transparency.org/news_room/latest_news/press_releases/2008/2008_09_23_cpi_2008_en

TI-Canada 2008 Symposium

On 12 June 2008, TI-Canada held a symposium on "The Anatomy of Corruption in Canada: Its Causes and Prevention." Panelists Superintendent Stephen Foster, Director, Commercial Crime Branch, Royal Canadian Mounted Police (RCMP), Dr. Ian Greene, Professor, Department of Political Science, York University, Dr. Huguette Labelle, Chair, Transparency International, Mr. Norman Inkster, President INKSTER Incorporated and former Commissioner of the RCMP and former President of Interpol, and Mr. Tom Marshall, former General Counsel to the Attorney General of Ontario, addressed the psychological aspect of corruption. They explored why people in high offices take the risks they do; what it is that makes people in power think they are above the law; and what is in the culture of others in power that actively discourages them from carrying out such practices.

While Canada is doing fairly well with regard to containing corruption, there is no room for complacency. Greed exists in Canada, as is evidenced by some significant court cases involving inventive accounting. There remains a need to promote anti-corruption laws in Canada, particularly the *Corruption of Foreign Public Officials Act*, while recognizing rules constantly change, often causing an overlay of accountability rules - the more rules you have, the more potential for corruption. The educational system, beginning in the early years, needs to be stronger, in order to develop integrity in individual life styles. Institutions that work with corruption need proper resources to be effective. Whistleblowers need to be able to function in an atmosphere devoid of fear, and the judicial system needs to deal with corruption cases in a more timely fashion.

Following the panel presentation, three international anti-corruption lawyers, Tim Martin, Jim Klotz, both TI-Canada Board Members, and Milos Barutciski, reported on an ongoing TI-Canada project, "Deficiencies in Canada's Anti-Corruption Laws that Deal with Domestic & Foreign Public Officials." The purpose of the project is to look at the deficiencies in the law, administration and process of Canada's anti-corruption laws and to suggest improvements, with regard to law, resources, administration and process, and financial investigations. Using a current corruption inquiry as a model, TI-Canada and TI-USA are collaborating on a comparative legal analysis of the approach Canadian law vs. US law to the issue of corruption. It is anticipated that at least two other TI National Chapters will participate in the collaboration.

For presentation material, please visit:

www.transparency.ca

TI-Canada welcomes six new Board Members

At the Eleventh Annual General Meeting, held 12 June 2008, TI-Canada members voted in six new Board Members:

Jillian Clare Kohler is an Assistant Professor at the Leslie Dan Faculty of Pharmacy. Her research and teaching are focused on drug access issues including ethics and corruption in pharmaceutical systems. Prior to joining the University of Toronto, she worked on pharmaceutical policy for UNICEF, the World Bank and the WHO. Dr. Cohen-Kohler has also been a consultant for a number of governments, globally, international organizations and aid agencies on pharmaceutical policy issues including corruption, drug access, and comparative health data. She is the author of many journal articles on pharmaceutical policy and a co-editor of The Power of Pills: Social, Ethical and Legal Issues in Drug Development, Marketing and Pricing Policies (2006) and also a member of the World

James P. Cooney retired as Vice President, International Government Affairs for Placer Dome Inc., on May 1, 2006, following that company's acquisition by Barrick Gold. He held positions at Placer Dome from 1982 to 2006 in the areas of social and political risk management, government relations, sustainable development and strategic planning. Mr. Cooney is a past Director of the North South Institute, the Canadian Chamber of Commerce and the Pacific Basin Economic Council. Recently he has served as a member of the Advisory Group appointed by Foreign Affairs Canada on Corporate Social Responsibility in the Canadian Extractive Sector in Developing Countries. Currently he is a core participant in the Canadian Business Ethics Research Network.

Bruce Futterer received his B.A. from the University of Toronto in 1976 and his LL.B. from Osgoode Hall Law School in 1979. He was called to the Ontario bar in 1981.

Mr. Futterer has held General Counsel positions with a number of companies in Canada and the U.S. during his career, including Wardair, Kerr Addison Mines, Stelco and a number of Cadbury Schweppes companies, including Dr Pepper/Seven Up Inc. He was also in private practice during the early 1990s with the Toronto firm of Holden Day Wilson. Mr. Futterer joined GE Canada as Vice President, General Counsel & Secretary in January 2007.

Thomas C. Marshall, Q. C., is a consultant and a former General Counsel to the Attorney General for Ontario. In this position, he provided legal advice to the Attorney General and acted as Counsel in all levels of court. Before being appointed Counsel, Crown Law Office Civil, for the Ministry of the Attorney General, in 1974, Mr. Marshall was in private practice with the law firm of MacMillan, Binch. He was appointed Director of the Office, in 1985, and made General Counsel to the Attorney General in 1990, before retiring from the Ontario public service in 2006. Mr. Marshall has a number of legal professional affiliations and has received a number of awards, including the John Tait Award of the Canadian Bar Association in 2001. In 2006, the Public Sector Lawyers' Section of the Ontario Bar Association created the Tom Marshall Award of Excellence in Public Service.

Joseph Ringwald, P Eng., was most recently Vice President Sustainable Development and Technical Services, Tournigan Energy Ltd., primarily respon-

sible for all engineering studies for Tournigan's advanced projects, as well as all government and community engagement and communications. Prior to his position at Tournigan, Mr. Ringwald was Technical Director Mining and Principal Mining Engineer for AMEC Americas Limited, where he developed and managed a team of 30 mining engineering specialists. This position followed upon his being VP Project Development for Crew Development Corporation, with executive control and responsibility for feasibility, permitting and EPCM of the Nalunaq Gold Project in Greenland. Mr. Ringwald also held senior positions with SRK Consulting and Placer Dome Technical Services. He completed both Mining and Mineral Process Engineering programs for his B.ASc at the University of British Columbia.

J. Michael Robinson, Q.C., is counsel at the law firm of Fasken Martineau Dumoulin LLP in its Toronto office. His law practice (of 42 years) emphasizes international private (business) law - international sales, trade and investment and particularly international public/ private partnerships for infrastructure developments. As such, he is familiar with problems caused by corruption. Mr. Robinson currently teaches international treaty, trade and investment law as an Adjunct Professor at Osgoode Hall Law School (York University), Toronto, and the Faculty of Law, University of Western Ontario, London, Ontario. For 25 years he was active in the Section on Business Law, International Bar Association, London, holding Committee Chair and Co-Chairs and as a member of Council.



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Codes of Conduct in the Private Sector

TI-Canada Member EthicsCentre CA has announced the release of a report entitled *Codes of Conduct in the Private Sector: A Review of the Academic Literature since 1987*. Sponsored by EthicsCentre CA and authored by Dr. Mark Baetz, Dr. A. Scott Carson, and Ms. Shelley McGill, this report is the definitive bibliographic source for research on the subject of Codes of Conduct in private sector workplaces.

Codes of Conduct in the Private Sector is a literature review of academic articles, with some exceptions, published in refereed journals or chapters in academic books. The study describes in summary fashion the research that has been conducted over the past two decades, and outlines the topics and themes researched, the methodologies used and general conclusions.

The study is organized around six themes:

1. Conceptual Overview of Codes of Conduct
2. Jurisdictional Application of Codes - Industry, Professional, Country and Global
3. Code Development - Creation, Content, Implementation and Administration
4. Adopting Codes - Effectiveness, Impact and Ethics Programs
5. Specific Issues Arising in the Workplace
6. Summary of Best Practices

The study encompasses the majority of research conducted internationally and will be an invaluable tool for corporations, universities and other organizations or researchers.

EthicsCentre CA is dedicated to promoting and maintaining an ethical orientation and culture in Canadian organizations, with its mission to champion the application of ethical values in the decision-making process of business and other organizations. *Codes of Conduct in the Private Sector* can be accessed publicly on the web site of EthicsCentre CA at: http://www.ethicscentre.ca/EN/resources/ethicscentre_codes_april08.pdf

Preventing Corruption in Humanitarian Assistance

During the time of the Tsunami Crisis, in particular, concerns were raised that many humanitarian aid dollars were being absorbed by corrupt practices. On 16 July 2008, a

report describing research on the problem of corruption in humanitarian assistance, carried out in 2007 and 2008, and sponsored by Transparency International, was released, along with the following statement by TI:

“Leaders in the humanitarian community have resolved to do more to address the risks of corruption in relief efforts, according to a report published today. The report, *Preventing Corruption in Humanitarian Assistance*, documents perceptions of corruption in humanitarian operations through interviews with staff of several leading international humanitarian NGOs who have partnered with Transparency International (TI) to better address corruption risks.

The report finds that many humanitarian agencies providing vital relief are aware of corruption risks and have developed a range of policies and practices to prevent it.

Whistleblower policies, codes of conduct for staff, and financial controls are just some of the measures participating organizations have already put into place.

However, the humanitarian community at large has not yet addressed this problem in a comprehensive manner. Humanitarian aid providers would benefit from wider and more systematic exchange on new approaches and best practices, including evaluating their effectiveness in mitigating corruption, according to the report, a joint publication of Tufts University, the Overseas Development Institute and TI.

The stakes are high, particularly for those in dire need of life-saving aid. Humanitarian budgets have nearly doubled since the beginning of the decade and now account for up to 14 per cent of official development assistance, reaching more than US \$10 billion in 2006. “Considering the impact of corruption on the most vulnerable aid recipients, as well as the magnitude of disaster and post-conflict relief efforts costing millions, detecting and preventing corruption in relief processes is an urgent priority,” said Huguette Labelle, Chair, Transparency International.

Perceptions of what constitutes corruption vary, according to the report, and are often limited to financial mismanagement and fraud; nepotism/cronyism, sexual exploitation and diversion of aid resources to non-target groups are less often considered forms of corruption. “The corruption challenges faced are significant, complex and can arise in developed and

developing countries, with potentially disastrous and long-term effects on humanitarian missions,” said Roslyn Hees, Senior Advisor at TI.

Integrating corruption risk and political environment analysis into emergency preparedness would help anticipate problems. On-site monitoring is also critical to deterring and detecting corruption, but may be constrained by limited staff or financial resources.

Some humanitarian staff, the report found, view corruption controls as a factor that slows down the rapid aid delivery essential for saving lives, especially in the acute initial stage of an emergency. But agencies increasingly see that improving the ability to handle a sudden surge in aid –including putting in place corruption prevention measures from the beginning– is essential for long-term effectiveness.

Recent initiatives to increase accountability to aid recipients can empower beneficiaries to report corruption, but local power structures and cultural inhibitions may also inhibit the effectiveness of this strategy.

Joint policies and strategies would allow humanitarian agencies to better address endemic corruption in emergency environments as well as corruption risks inherent in relief operations.

With this report, Transparency International (TI) presents a set of recommendations to increase transparency and accountability in humanitarian relief, involving financial and non-financial aspects of practice and policies. A handbook containing good practices to support humanitarian agencies in their efforts to curb corruption will be published in early 2009.”

To read the full report, including recommendations, please visit: <http://www.transparency.org/publications>

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TI-CANADA MEMBERSHIP INFORMATION

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 -- \$5,000)

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. Membership in TI-Canada will generally be available to all, subject to receiving a written Membership Application and subject to Board approval of the Application. The Board may decline to grant such approval if, for any reason, the judgment of the Board considers membership to be inconsistent or incompatible with the objectives, values and ethical principals of TI-Canada.

APPLICATION FOR MEMBERSHIP

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Title: _____

Organization: _____

Address: _____

Country: _____ **Postal Code:** _____

Telephone: (_____) _____ **Fax:** (_____) _____

E-mail: _____

Membership Category (Check one):

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Fee: Amount _____ (Please enclose cheque payable to “**TI-Canada**”)

mail to:

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