



# TRANSPARENCY INTERNATIONAL CANADA INC.

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## NEWSLETTER

Volume 13, Number 1

Spring 2009

### Aid versus Corruption: Getting your dollars to the world's poor

*"The role of corruption in perpetuating poverty was a founding rationale for Transparency International's fight against corruption....Where corruption denies individuals and communities their basic human rights, it affects the very root of development processes and effectively undermines efforts at poverty reduction."* Transparency International Annual Report 2007, p. 20

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According to the World Bank, corruption prevents the most vulnerable populations from having access to essential public services, such as health care and education, because their public systems are not responding to their needs or they cannot or will not pay bribes for public services.

Transparency International Canada is pleased to support the American Conference Institute's **2<sup>nd</sup> Annual Canadian Forum on Bribery and Foreign Corruption on April 28 & 29, 2009**. Enforcement is on the rise internationally and Canada is taking foreign corruption increasingly.

Get the most recent updates on enforcement and learn how to avoid the staggering legal and reputational costs of non-compliance. **TI-Canada** has several featured speakers on the program, such as Martin Mueller of **Nexen**, Bruce Futterer of **General Electric Canada**, Peter Dent of **Deloitte & Touche LLP** as well as Milos Barutcski of **Bennett Jones LLP** and James M. Klotz of **Miller Thomson LLP**.

**As a valued member of Transparency International Canada, you & your colleagues are entitled to a \$250 discount when registering with Priority Service Code "SPI". Register now by calling 1-877-927-7936 OR by going online to: [www.AmericanConference.com/AntiCorruptionCAN](http://www.AmericanConference.com/AntiCorruptionCAN)**

#### Transparency International

#### Canada Symposium

in cooperation with

**Toronto Health Economics & Technology Assessment (THETA) Collaborative**

and

#### Twelfth Annual Meeting

**"Aid versus Corruption:**

**Getting your dollars to the world's poor"**

**Wednesday, 10 June 2009**

**9:00 – 14:00**

**(AGM 13:00 – 14:00)**

**Munk Centre for International Studies**

**University of Toronto**

**1 Devonshire Place, Room 208N**

**Toronto, ON**

Corruption and weak governance often mean that resources that should promote economic development and create opportunities for poor people to escape poverty are lost.

This raises the question: what do we need to do as Canadians in order to maximize our humanitarian aid in view of potential corruption and current economic conditions?

Transparency International Canada, in cooperation with The Toronto Health Economic and Technology Assessment (THETA) collaborative, will be convening a thought workshop, on June 10, at the Munk Center for International Studies at the University of Toronto,

that will examine the nexus of corruption and poverty - in particular, how corruption undermines Canadian humanitarian efforts to reduce poverty and promote human development. We will examine specifically the role of the Canadian International Development Agency (CIDA), the private sector and non-governmental organizations, with an additional focus on the need to take into account the economics, as well as the social and ethical dimensions, of health technology. As an overlay, we will probe what Canada needs to do to ensure its global credibility.

Speakers Raymond Fisman, Co-author, Economic Gangsters, Jillian Clare Kohler, Faculty of Pharmacy, University of Toronto, Shaukat Hassan, CIDA, Rosemary McCarney, Plan Canada, Jayson Myers, Canadian Manufacturers and Exporters, Elena Cirkovic, PhD Candidate, Osgoode Hall Law School, and David Crane, former Economics Editor, The Toronto Star will explore issues that present some of the relevant challenges. We will seek to map out a research and action agenda that would help shape how Canada can enhance our humanitarian efforts. See insert for agenda and registration form, or visit: [www.transparency.ca](http://www.transparency.ca)

**TI-Canada obtains charitable status**

Thirteen years after its establishment and due to changes in charities law, TI-Canada has been able to obtain charitable status. We are delighted to report this news to you. The significance of this is that those TI-Canada members, who are eligible (i.e., not charities themselves), will now receive charitable tax receipts, and TI-Canada will be able to access foundation monies, for the first time. As foundations in Canada are prohibited by law to give to non-charities, this avenue has, until now, been closed to TI-Canada.

In a Special General Meeting on 4 February 2009, TI-Canada membership adopted the Supplementary Letters Patent to amend TI-Canada’s Letters Patent. Obtaining charitable status required the following slightly reworded objects, nonetheless consistent with those of the organization, to date:

(a) To encourage compliance with Canadian laws and international conventions to which Canada is a signatory, against bribery and corruption (“Canadian Anti-Corruption Laws”) by educating businesses, professional organizations, governments and the public at large about Canadian Anti-Corruption Laws and the adverse impact of non-compliance therewith;

(b) To develop and promote ethical standards of conduct for businesses, professional organizations, governments and the public at large to assist them in complying with Canadian Anti-Corruption Laws;

(c) To conduct or commission research on issues concerning the prevention and elimination of bribery and corruption and to communicate the results therefrom to businesses, professional organizations, governments and the public at large; and

(d) To assist the Canadian Government in fulfilling its obligations under international conventions to which Canada is a signatory in the prevention of and the fight against bribery and corruption.

For further information, visit:

[http://www.transparency.ca/New/New\\_2009.htm](http://www.transparency.ca/New/New_2009.htm)

**Balancing Act – Anti-bribery Laws in International Business**

On 5 February 2009, TI-Canada co-hosted a Members Only Breakfast Meeting with ethicscentreCA. Cliff Sosnow and Prakash Narayanan, of the law firm of Blake, Cassels & Graydon, presented “Balancing Act – Anti-Bribery Laws in International Business.” Messrs. Sosnow and Narayanan reviewed the dramatic increase in the enactment and enforcement of both international and domestic laws dealing with corruption and their implications for organizations conducting business globally. In addition to the substantial fines and significant legal costs, those organizations found to be in contravention of these laws face reputation risks and the loss of investor confidence. The audience was presented with guideposts to help them determine when they might be, for example, crossing the line between permissible lobbying and corrupt behaviour, as well as a series of “do’s and don’ts” to ensure they remain both compliant and ethical in managing bribery and corruption risks when doing business in international markets.

## TI-Canada completes first China Project; launches a second

In March 2007, TI-Canada, in partnership with TI-Canada member Sheldon Chumir Foundation for Ethics in Leadership, won a CIDA-funded tender, "Increasing Transparency and Accountability of Public Procurement/Bidding and Public Information Systems." This is one of 68 China Policy Option Projects (POP) being coordinated by Agriteam Canada Consulting Ltd.

Two study tours from Henan Province, China, came to Canada in October 2008 and April 2009. The First Study Tour focused on Canadian approaches to access to government information, information disclosure and privacy issues. The purpose of the Study Tour was to provide the Chinese officials with a better understanding of the policy issues involved in setting up and maintaining public information and disclosure systems, the organizational, infrastructure and organizational considerations involved, types of training provided, as well as a better appreciation of the legal and regulatory aspects. The senior officials and experts were exposed to government, private sector, NGO and media representatives, in order to hear their points of view and voices about government transparency – how it works and how it could be improved. The 18 Canadian host organizations and individuals made presentations on issues of enhancing transparency in Canada as well as the practical procedures and guidelines in the area, in order that the Chinese officials and experts could obtain an appreciation of both the policy as well as some of the operational issues involved.

The Second Study Tour focused specifically on government procurement and bidding systems. Site visits in Ottawa, Toronto and Calgary, provided opportunities to discuss Canadian systems for procurement and bidding, and how Canadian officials approach typical challenges. The discussions also provided an opportunity to discuss how Canadian organizations deal with irregularities as well as appeal processes open to bidders. In addition, the meetings provided an opportunity to discuss with suppliers, contractors and auditors their points of view with respect to the systems. The members of the Study Tour were exposed to Canadian policies, regulations, systems, institutions, training and practices to find out which are applicable in the Chinese context.

In October 2008, the Chinese partner presented their Final Report at a symposium in Zhengzhou, where the results and recommendations from the project were introduced to all relevant stakeholders, with a particular focus on the steps taken to implement new procedures and rules with regard to both the reform of government procurement practice and the strengthening of transparency in government operations. Three representatives of TI-Canada attended the symposium

and provided their expertise and feedback on the report, followed by a useful exchange. This Final Report as well as one prepared by TI-Canada are available at: [http://www.transparency.ca/New/New\\_2009.htm](http://www.transparency.ca/New/New_2009.htm)

In May 2008, TI-Canada was awarded a second POP, "Establishing the Long-term Mechanism for Anti-Corruption Supervision and Formulating the Performance Audit Measure for Public Financial Funds of Ningxia Hui Autonomous Region." The purpose of the project is to introduce the methodologies and ideology of performance audit from Canada, set out in a number of scientific, reasonable and practical performance audit measures, so as to enhance the performance audit practices in Ningxia and establish a long-term anti-corruption supervision mechanism to:

- upgrade leading and decision-making capacity of public sectors,
- improve the effectiveness of public fund utilisation, and
- reduce and curb corruption.

The First Study Tour took place in March 2009, with visits to Victoria, Ottawa and Toronto, with a Second Study Tour to follow at the beginning of May to Edmonton, Ottawa and Toronto.

## Bribe Payers Report 2008

In December 2008, Transparency International released its most recent Bribe Payers Report, along with sectoral rankings of 19 specific sectors perceived to engage in Bribery.

### *Key findings*

Belgium and Canada shared first place in the 2008 BPI with a score of 8.8 out of a very clean 10, indicating that Belgian and Canadian firms are seen as least likely to bribe abroad. The Netherlands and Switzerland shared third place on the index, each with a score of 8.7. At the other end of the spectrum, Russia ranked last with a score of 5.9, just below China (6.5), Mexico (6.6) and India (6.8).

The BPI also shows public works and construction companies to be the most corruption-prone when dealing with the public sector, and most likely to exert undue influence on the policies, decisions and practices of governments.

**Bribe Payers Index 2008**

| Rank | Country/<br>Territory | BPI<br>2008 Score |
|------|-----------------------|-------------------|
| 1    | Belgium               | 8.8               |
| 1    | Canada                | 8.8               |
| 3    | Netherlands           | 8.7               |
| 3    | Switzerland           | 8.7               |
| 5    | Germany               | 8.6               |
| 5    | United Kingdom        | 8.6               |
| 5    | Japan                 | 8.6               |
| 8    | Australia             | 8.5               |
| 9    | France                | 8.1               |
| 9    | Singapore             | 8.1               |
| 9    | United States         | 8.1               |
| 12   | Spain                 | 7.9               |
| 13   | Hong Kong             | 7.6               |
| 14   | South Africa          | 7.5               |
| 14   | South Korea           | 7.5               |
| 14   | Taiwan                | 7.5               |
| 17   | Italy                 | 7.4               |
| 17   | Brazil                | 7.4               |
| 19   | India                 | 6.8               |
| 20   | Mexico                | 6.6               |
| 21   | China                 | 6.5               |
| 22   | Russia                | 5.9               |

This table shows the 2008 BPI results along with additional statistical information that indicates the level of agreement among respondents about the country’s performance, and the precision of the results. Scores range from 0 to 10, indicating the likelihood of firms headquartered in these countries to bribe when operating abroad. The higher the score for the country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad.

For the full report, visit:

[http://www.transparency.org/news\\_room/latest\\_news/press\\_releases/2008/bpi\\_2008\\_en](http://www.transparency.org/news_room/latest_news/press_releases/2008/bpi_2008_en)

**Canadians for Accountability**

Canadians for Accountability is a new organization created by a group of grassroots whistleblowers and accountability activists. Their mission is to advance integrity, transparency and accountability and to help and advocate for whistleblowers in all parts of Canadian society.

Created to address the gap between personal ethics and organizational reprisal, Canadians for Accountability was incorporated in June 2008. It promotes public awareness of the importance and value of whistleblowing in all walks of Canadian life, whether government, business or volunteer, and commits to help whistleblowers in any way it can. Canadians for Accountability hopes to create a sense of community to counteract the isolation so many whistleblowers feel after coming forward for the public good. For further information, visit: <http://www.canadians4accountability.org/>

**FAIR ( Federal Accountability Initiative for Reform)**

FAIR promotes integrity and accountability within government by empowering employees to speak out without fear of reprisal when they encounter wrongdoing. FAIR’s aim is to support legislation and management practices that will provide effective protection for whistleblowers and hence occupational free speech in the workplace.

FAIR was founded in 1998 by Joanna Gualtieri. The organization is run by volunteers, with David Hutton as Executive Director, as of May 2008. For further information, visit: <http://fairwhistleblower.ca/>

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**TI-Canada has gone green!!**

If you are receiving this by snail mail, it means we do not have your email address

Help TI-Canada to conserve by sending your email address to:

[mamati@schulich.yorku.ca](mailto:mamati@schulich.yorku.ca)

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**Designer:** Mary Amati, Schulich School of Business, York University.

# 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.

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## APPLICATION FOR MEMBERSHIP

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Organization:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Country:** \_\_\_\_\_ **Postal Code:** \_\_\_\_\_

**Telephone:** ( \_\_\_\_\_ ) \_\_\_\_\_ **Fax:** ( \_\_\_\_\_ ) \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Membership Category (Check one):**

Individual     Volunteer/NGO     Government     Professional/Business     Charter

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

**mail to:**

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