



GLOBAL ORGANIZATION OF PARLIAMENTARIANS AGAINST CORRUPTION
 ORGANIZATION MONDIALE DES PARLEMENTAIRES CONTRE LA CORRUPTION
 ORGANIZACION MUNDIAL DE PARLAMENTARIOS CONTRA LA CORRUPCION

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The Seed is Growing. By John Williams, MP-Canada, Chair-GOPAC

I often use the analogy of a seed growing to describe the growth of GOPAC. Once planted, a seed grows and develops as it receives consistent sun, light and water. GOPAC began on a small-scale and has continued to expand with the consistent commitment of the GOPAC membership, dedicated and enthusiastic parliamentarians who believe in nurturing this international network and supporting one another in the fight against corruption.

The seed is growing in the Middle East where an Arab regional chapter was created under the leadership of GOPAC Vice Chair Dr. Naser Al Sane (MP, Kuwait). At its inaugural conference in Beirut "Parliamentarians Against Corruption: Improving Transparency and Accountability in the Arab Region", parliamentarians from around the region were brought together with support from the UNDP, Transparency International (TI) and the Foreign Commonwealth Office. It was a great pleasure for me to attend this founding event and see the commitment and enthusiasm of our colleagues in the region.

The seed is also growing in South East Asia where parliamentarians launched the South East Asian Chapter of GOPAC on March 31st to April 1st in Manila, Philippines. Over 20 parliamentarians from the region attended where a declaration, constitution and work plan

were approved. Under the leadership of Senator Edgardo Angara, Philippines and an Executive of parliamentarians from the region, SEAPAC will focus on addressing the ratification of regional conventions against corruption. Martin Ulrich, Executive Secretary of the GOPAC Secretariat had the honour of attending the launch. I applaud the work of Senator Angara and the SEAPAC membership in taking this important step towards fighting corruption in the region and am pleased that they are part of the GOPAC family.

The well established APNAC continues to nurture national chapters with new developments in Benin, Rwanda, Chad, and Democratic Republic of Congo to name a few.

It is vital for the success of GOPAC, that we be supported by multilateral organizations. GOPAC, which supports its regional chapters around the world, requires that each chapter be assisted by a multilateral organization. For example, the Latin American chapter is supported by the Organization of American States. The Arab chapter is supported by the UNDP and the Asian Development Bank helps in the Far East. We are also working on the issue of a multilateral organization for Sub Sahara Africa. We also appreciate the significant assistance that we receive from TI Chapters around the world.



John Williams, MP-Canada, Chair-GOPAC

The ongoing support of parliamentarians, multilateral organizations, and TI will allow the seeds to spread and develop in the promotion of good governance and accountability. GOPAC is an organization that will continue to grow through the actions of its membership. In 2005, we can look forward to new chapter developments in Europe and South Asia, to name a few. I encourage you as members to nurture the networks in your regions and branch out to work with your peers in the fight against corruption.

John Williams is a Member of Parliament for Edmonton St. Albert Canada and Chair of the Canadian Public Accounts Committee. Mr. Williams is founder and Chair of GOPAC.

Corruption and Corporate Social Responsibility; The New Tenth Principle of the Global Compact.

By Pablo García-Mexía, Legal Adviser, Senate of Spain

Growing demands are being made on companies in our time to alleviate the most pressing needs of the societies in which they operate. Those needs are generally expressed under the catchphrase *corporate social responsibility* (CSR): the sustainability of development; honesty in the general management of companies (particularly in the financial area); or respect for human rights.

One of the main spearheads, coupled with some OECD initiatives, of the CSR initiative is the so-called *Global Compact*. Presented in 1999 by its promoter, Kofi Annan, United Nations Secretary General, as an “international initiative designed to promote ... good corporate citizenship,” and introduced in 2000, the Global Compact – as its own official document proclaims – “is intended to persuade companies around the world of the possibility of benefiting from global economic development through the acceptance and implementation of socially responsible business policies”. The compact has been signed by all the members of the United Nations and has revolved in recent months around the so-called Nine Principles, related to human rights, labour relations, and the environment. According to UN sources, the compact unites about 1,500 companies from 70 countries, in addition to labour leaders and nongovernmental organizations.

Convinced of the seriousness of the problem, the United Nations Secretary General decided in January 2004 to begin a process of consultations to add a tenth principle to the nine already in the Global Compact. It is a principle related to corruption, which originally read: “Businesses should combat corruption in all its forms, including extortion and bribery.” There were three main justifications for it: first, corruption distorts fair competition between companies to favour the corrupt company rather than the best one; second, corruption perpetuates poverty, since it deprives underprivileged social sectors of the benefits of development, regardless of whether they come from outside or inside a country; third, it was necessary to make explicit mention of a problem as large as corruption. Some of the companies consulted in their capacity as

signatories of the compact expressed reservations over the inclusion of this tenth principle, arguing that it was not just companies that had to combat corruption, but also governments and the other social agents. It was mainly this argument that led the United Nations to soften the initial wording of the tenth principle which, after the meeting in New York on 24 June 2004, was officially added to the other nine in the Global Compact, with the following wording: “*Businesses should work against corruption in all its forms, including extortion and bribery.*”

The inclusion of corruption as the tenth principle of the compact can only be hailed as a transcendental step which is fully rational for the reasons given below.

First, because corruption is a true *pivotal problem* in the areas of public and private ethics. In the same way that the behaviour of public leaders and officials is an essential focus of attention for public ethics, the conduct of private agents (particularly those with links to companies) is a crucial object of attention for business ethics. Business ethics, as we have just seen, are the perfect embodiment of the ten principles of the Global Compact.

Also, the final wording of the tenth principle incorporates a very wide notion of corruption. In fact, its refusal to define corruption stands out as the main example of its common sense. In many academic circles, oceans of ink have been spilt trying to arrive at a definition without achieving one that is fully satisfactory. The best they could do was to come up with a definition that identifies corruption as “the use of a public position or function for private gain,” which is conventionally acceptable, particularly for use in legal rules or in national or international codes of conduct. The subsequent difficulty in deciding what the meaning of “private gain” is in this context has been particularly notorious, although it is generally thought to cover lucre (cash or kind). This is what is commonly understood as corruption. The silence of the drafters of the Global Compact is what makes us think that the tenth principle refers to this con-



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ambiguous. When all is said and done, bribery of public leaders or officials is the quintessence of corrupt activity.

Third, this initiative has arisen as a sort of 'positive complement' to the OECD Convention Against Bribery of Foreign Public Officials in International Business Transactions, signed in 1997. It is a complement because it applies – as the OECD text also does – to the conduct of companies. The convention prohibits bribery of foreign public officials and international organizations. But the compact is 'positive' unlike the OECD Convention which is 'negative'. While the latter invites the signatory States to classify the behaviour cited as a crime, the new tenth principle of the Global Compact does not invite governments, but the companies themselves, and is not intended to sanction but to urge them to "work against corruption." Although the OECD Convention was a decisive advance – insofar as it is effective – in the international fight against corruption, today's absence of criminal penalties for its application in any of the signatory States suggests two ideas: the first being how difficult it is for countries to make significant progress in the fight against corruption when the economic interests of their companies (and therefore their national wealth) are at stake; the second is precisely the convenience of encouraging companies to promote their interests ethically, independently of any sanctions they might incur if they fail to do so.

Fourth, the inclusion of corruption as the tenth principle has conferred a new and important dimension on ethics, particularly on private ethics which up to now basically focused either on strictly personal aspects (at bottom those already explored by the ancient Greek philosophers), or on deontological-professional matters (the Hippocratic Oath would be the clearest example). It is a dimension that is concrete and tangible, synthetically linked to and supported by the international organization par excellence. It is to be hoped that as a result, private ethics, particularly the business ethics side, will be rediscovered under the prism of the CSR agenda and the other nine principles of the Global Compact. But this new and important dimension also affects public ethics, which are at last secure in the belief that the efforts to guarantee moral behaviour by public leaders and officials will be reinforced by a text with universal authority that suggests to private agents that they need to work against corruption.

In short, the mere existence of this tenth principle could also begin to awaken a guilty conscience in companies that refuse to "work against corruption" and convince them that continuing with corrupt practices will become increasingly difficult everywhere.

Pablo GARCÍA MEXÍA is Letrado de las Cortes Generales (Legal Advisor to the Spanish Parliament). Pablo GARCÍA MEXÍA is co-founder of Syntagma, Center for Strategic Studies, a private think-tank specializing in good governance issues. Professor García Mexía is an international consultant and has served as Secretary General of the Madrid Regional Parliament.



Human Rights

- Principle 1** Business should support and respect the protection of internationally proclaimed human rights; and
- Principle 2** make sure that they are not complicit in human rights abuses.

Labor Standards

- Principle 3** Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4** the elimination of all forms of forced and compulsory labour;
- Principle 5** the effective abolition of child labour; and
- Principle 6** the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7** Business should support a precautionary approach to environmental challenges;
- Principle 8** undertake initiatives to promote greater environmental responsibility; and
- Principle 9** encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10** Business should work against all forms of corruption, including extortion and bribery.

South East Asia Takes First Steps.

By Senator Edgardo J. Angara, Member of the Senate of the Philippines,
Chair, SEAPAC

Manila, Philippines - Senator Edgardo J. Angara was elected President of the South East Asia Parliamentarians Against Corruption (SEAPAC), the first Asian regional chapter of an international organization whose primary goal is to bring together parliamentarians and government leaders, international organizations and individuals, to combat corruption in the bureaucracy.

SEAPAC was formally organized today at the Philippine International Convention Center in Manila.

Angara, the Asian representative in GOPAC's Executive Board of GOPAC, took the lead in organizing SEAPAC in Manila. The organizational meeting was attended by delegates from Cambodia, Indonesia, Malaysia, Singapore, Thailand and Vietnam.

"I am truly honored for having the opportunity to gather our ASEAN parliamentarians, and make a covenant to fight corruption in each of our own governments and societies," he said.

Other elected officers include Prof. Boonton Dockthaisong of Thailand (Vice President), Rep. Joel Villanueva and Rep. Oscar Gozos of the Philippines (Secretary and Treasurer, respectively).

Among the Executive Committee Members are HE Charoen Kanthawongs (Member of the House of Representatives, Thailand), HE Ngo Anh Dzung (National Assembly, Vietnam), HE Wang Kai Yuen (Member of Parliament, Singapore), HE Nhem Thavy (National Assembly, Cambodia), HE Imam Anshori Saleh (People's Consultative Assembly, Indonesia), and Senator Aquilino Q. Pimentel (Philippine Senate).

Senator Edgardo J. Angara is a member of the Senate of the Philippines and a member of GOPAC's Board of Directors.



Senator Edgardo J. Angara



SEAPAC CONFERENCE 2005 ROUNDTABLE



SEAPAC CONFERENCE 2005

«I am truly honored for having the opportunity to gather our ASEAN parliamentarians, and make a covenant to fight corruption in each of our own governments and societies»

Senator Edgardo J. Angara,
Chair, SEAPAC

Singapore Tackles Corruption Head-On: Singapore Country Report

SEAPAC Conference 2005

By Dr. Wang Kai Yuen, Member of Singapore Senate

Introduction.

Within 10 years of Singapore reverting back to British rule after the 1945 Japanese surrender, corruption permeated throughout all sectors of society. Syndicated corruption was common especially amongst law enforcement officers. In fact, public outcry against the extensive syndicated corruption in the society was one of the rallying points for the independence movement in colonial Singapore. It would be interesting to look at how Singapore managed to evolve from a colonial administration riddled with system-wide corruption to a clean government. Of course, in the fight against corruption, Singapore had an easier task compared to other like-minded societies because of its small size both in terms of geographical area as well as population.

How we got from where we were in 1959 to where we are now.

We were fortunate in that the first generation leaders of the PAP were voted to form the government in 1959, the year Singapore attained self-government. PM Lee Kuan Yew was only 36 years old, idealistic and tough-minded. Mr Lee tackled the problem of corruption head-on using a two-pronged approach. First, he made sure that the pay of the civil servants all the way down to the traffic policemen was adequate for them to support their families. To do so, one must have an efficient tax collection system with minimum leakage in order for the Treasury to have the money to pay for the salary of the civil service.

Then starting in 1960, the government instituted a thorough review of existing legislations to render prosecution of corrupted practices easier and more effective. Parliament amended laws to shift the balance in favour of assumptions thus lessening the burden of proof of the prosecutor. These changes included:

- rendering it unnecessary to prove that a person who accepted a bribe was in the

position to carry out the required favour,

- requiring public officers under investigation to furnish sworn statements specifying properties belonging to them, their spouses and children,
- empowering the public prosecutor to obtain information from the comptroller of income tax,
- admitting wealth disproportionate to income as corroborative evidence, and,
- removing the accomplice rule, which views evidence of accomplice as unworthy of credit, unless corroborated.

Other laws were also amended in line with this shift towards assumptions. For instance, the Customs Act was amended so that any moneys found on a custom officer that could not be accounted for would be considered as corruptly obtained.

Other amendments render Singapore citizens liable for corrupt offences committed outside Singapore and were dealt with as if the offences had been committed in Singapore. The Corruption (Confiscation of Benefits) Act of 1989 was replaced by the "The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act. This Act provides the court with a power to confiscate the funds and properties which a person convicted of a corruption offence can not satisfactorily account for.

Having these laws on the book by themselves is not sufficient. Enforcement of existing laws is equally important. Hence, the investigation of corruption is entrusted to an independent unit, the Corrupt Practices Investigation Bureau [CPIB] which reports directly to the PM. If the PM, for whatever reasons, chooses not to get the CPIB to proceed with a prima facie case, there is a provision allowing the President to direct the CPIB to do so. Hence, the incorruptibility of the government is assured as the CPIB could perform its function without fear or favour.

Though very rare, Cabinet Ministers and Parliamentarians had been investigated as well. The most effective corruption deterrent today is the

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shame of the being accused of corruption and facing the judgement of one's peers as such incidents would be thoroughly debated in Parliament as well as inquired into by a Commission of Inquiry in public hearing. During my tenure in Parliament, one Minister who was under investigation for corruption preferred to commit a suicide rather than to go through the process. He paid the ultimate penalty.

Pillars of Anti-Corruption Measures:

Today, the anti-corruption measures in Singapore are based on three pillars:

1] Meritocracy in the selection and promotion of civil servants

All civil servants are selected and promotion based on personal merits and job performance. To achieve this, we have an independent Public Service Commission with very strict rules and regulations governing the conduct of public officers. A high standard of discipline is demanded such as

- a public officer can not borrow money from any person who has official dealings with him;
- a public officer's unsecured debts and liabilities cannot at any time be more than three months of his pay;
- a public officer can not use any official information to further his private interest;
- a public officer is required to declare his assets at his first appointment and also annually;
- a public officer can not engage in trade or business or undertake any part-time employment without approval; and
- a public officer can not receive entertainment or present in any form from members of the public.

2] Market-based pay

We have implemented a market based compensation scheme for all civil servants with a pyramidal pay scheme with that of the PM being at the apex of the structure. The apex is pegged to the private sector pay based on the previous income tax returns of the top 3 earners in 6 professions excluding the bankers. The annual bonus scheme has two components: an average component based on the performance of the economy and a personal component based on merit.

3] Deterrence through stringent legislation and enforcement

Over the years, we have amended existing legislation and enacted new laws to make our laws on anti-corruption comprehensive and extensive. CPIB is the independent enforcement agency.

Some consequential ramifications.

To remove the opportunity for corruption in government work procedures, we increase our reliance on the process and less reliance on the judgement of the individual in the loop. As a result, we have experienced the followings

The system does not give initiatives to lower-ranking officers to solve problems on their own. At times, citizens' satisfaction would be affected.

The system learned through transgressions by officers. To prevent recurrences, rules and regulations were added. Over time, this growth in Rules and regulations leads to slower government response to changes. After the severe 2001 recession, we recognise this as one of the causes as we did not respond fast enough to new challenges thrown up by globalisation. Thus the Cabinet has instituted a Standing Committee to review all rules and regulations with a mandate to slash as many of them as possible.

Conclusion.

Based on Singapore's success, one can conclude that corruption could be expunged from a society. The three pre-requisites are:

- the political leaders must be fully committed in their fight against corruption, [Corollary: the election process itself must not render corruption unavoidable];
- anti-corruption laws must be adequate and provide sufficient punishment to serve as a deterrent, [Corollary: public service sector should be slim and trim; public servants must be adequately paid];
- the organisation charged with the investigation of corruption must be given a free hand to act against the corrupt irrespective of their social status or political affiliation.

Mr. Wang Kai Yuen is a Member of Parliament (Bukit Timah) Singapore.

Parliamentarians and Leadership in Combating Money Laundering

Too often parliamentarians who are actively engaged in the fight against corruption in their own countries witness the laundering of corrupt money into their own domestic economies, or into offshore banking centres.

Parliamentarians can play a vital role in combating money laundering through their influence on legislation, by vigorous oversight of government activity and support of parliamentary auditors, and perhaps most effectively through personal leadership. They can engage the public and help build the political will to act. However, to do so, they must understand how money laundering occurs and the mechanisms for its mitigation. They also need the support of recognized experts and a global voice. GOPAC provides the global voice and the proposed Anti-Money Laundering Initiative can help provide the understanding and expertise.

GOPAC has launched an Anti-Money Laundering Initiative to achieve the following objectives:

- to engage parliamentarians from around the world in the anti-money laundering (AML) agenda, by developing a better understanding of how money laundering occurs and launching an international initiative to combat it; and
- to build political support to effectively implement practical mechanisms to combat money laundering.

GOPAC's approach to building integrity in governance is to bring together political will and expertise to empower parliamentarians in all countries. Such an approach, especially on a matter where there are regional differences and sensitivities, takes time to develop the necessary understanding build consensus and guide implementation.

To date, GOPAC, in cooperation with the I.M.F., has delivered one anti-money laundering workshop in Nairobi, Kenya; and we are working towards the implementation, in cooperation with the International Compliance Association, of another regional workshop in Latin America later this year.

The selection of parliamentarians to participate on the Team is particularly important. The key requirements are parliamentarians with experience and a track record in the field, as well as regional balance. Energy, political skill and gender balance are also important for credibility and effectiveness. If you are interested in joining the team, contact **Hon. Roy Cullen, M.P., GOPAC's team leader for this project, at 317 West Block, House of Commons, Ottawa, Canada, K1A 0A6 or at culler@parl.gc.ca.**



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Roy Cullen, MP (Canada), Chair-GOPAC-AML Initiative

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GOPAC Global Secretariat
802-255 Albert St.
Ottawa, Ontario
Canada
K1P 6A9

Phone: 613-237-0143 ext. .319
Fax: 613-235-8237
E-mail:
secretariat@gopacnetwork.org
Web:www.gopacnetwork.org