Remarks at the 2nd Global Forum: A Democratic State and Governance in the 21st Century

GOVERNANCE IN THE INFORMATION AGE
Technology, Economic Growth and Social Development in the Information Age

by
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PROCEEDINGS

MR. WOLFENSOHN: Minister Tavares, distinguished guests, ladies and gentlemen, I am very happy to have the opportunity of being with you today on this large screen to express to you the great support of the World Bank to this second global conference. I remember last year when I participated in the first global conference here in Washington under the auspices of Vice President Gore where I had the opportunity and the excitement of meeting with you and working with you on the issues of governance.

There is absolutely no doubt in the minds of our institution which pursues the issue of the eradication of poverty around the world that governance is central to our purpose. I said this last year, and it has not changed.

We have learned, however, in this last year from studies that we have conducted with poor people around the world that they share our view and, indeed, give great comfort to the programs and policies that we are adopting at our institution.

We have recently completed a study called Voices of the Poor in which we engaged in interviews with over 60,000 poor people in 60 different countries. We talked to poor people throughout the world, and we asked them about their lives and about their concerns. We found, not surprisingly, that they are like all of us, like all of you in the room. They are concerned about their family. They are concerned about their children. They are concerned about a better life. They are concerned about opportunities. They are not looking for charity; they are looking for a chance.

But what they have also told us is that, in their quest for well-being, there are many things which affect them and which characterize their lives in poverty wherever they are in the world. The first is that they lack a voice. They lack the opportunity to express themselves. They also are fearful. They do not know whether to trust the police or the
criminals. They are very concerned about whether they can place confidence in governments and in many cases very concerned about their ability to place confidence in non-governmental organizations as well.

They want to come together and represent themselves. They fear crime. They fear the difficulties that stem from gender disputes within families and from violence against women.

What they want is an environment in which they can get an equal chance, in which they get an opportunity, and this comes down to the question of governance.

What we have learned is that corruption affects poor families proportionately more than it affects rich families. For them, the issue of corruption is not an issue of losing a little bit more money than they could otherwise have afforded. For poor families, the issue of corruption is frequently the difference between being able to eat and not being able to eat-- in some cases, the difference between life and death.

These are the issues that we face when we look at the questions of corruption and of governance. And we have concluded as an institution, in the context of the Comprehensive Development Framework to which I referred last year, that there is no sense throwing money at problems in countries which lack governance.

The first thing that is required to combat poverty and to have equitable growth is, of course, a macroeconomic policy which provides for growth, but within that macro-policy, there are crucial considerations regarding the structure of government. That is what you are discussing here at this meeting.

We have learned that throwing money into a country where there is no capacity to govern is like throwing money into a company which has no management. It is not a difficult concept. But it is one that we are focusing on far more than before-- at the national level, at the state level, and at the city level. And the more we see development in the growth of cities and towns, the more the confidence in governance needs to be dispersed and strengthened.

We have just had at the World Bank a meeting of city mayors. I told them, as I tell you, that as we look at the next 25 years and look at the development of our planet, we now have six billion people in the world that need to be fed. Of that six billion people, 4.8 billion live in developing countries. And of that 4.8 billion, three billion people live on less than $2 a day, and 1.2 billion live on less than $1 a day.

That is a difficult task to face even if the statistics are static. But as we look at the next 25 years, we are looking at a growth in global population from six billion to eight billion. And that extra two billion people will be located almost entirely-- up to 97 percent-- in developing countries. So that 25 years from now our children will be faced with a planet of eight billion people, of whom 6.8 billion people will live in developing and transition economies.
But in addition to that, we will find another demographic shift in that two billion people more will move into cities. We will have over 500 cities of a million people or more. We will have over 20 cities of ten million people or more.

This presents us with a tremendous increase in the need for good governance, and the methodologies and training that go along with it.

In addition to that, we clearly have within the governance framework a need to assure ourselves of good legal systems and good justice systems, because for the poor people of whom I spoke there can be no equity and no opportunity unless their rights are protected. And if you have a corrupt justice system, if you have an inadequate legal system, there is absolutely no way that you can have an appropriate development of programs to assist the poor.

In addition, it is crucial that there be a financial system that is equitable and that is properly supervised. As we saw recently in the Asian financial crisis, the people who were most affected were the poor people. To this day, although there is a turn-around in Asia, there is still a lag in terms of the advancement of people who were driven into increased poverty by that financial disaster.

So, to summarize, let me say that it is our very strong belief that we cannot deal with the question of poverty alleviation without supporting the governments who must run the poverty programs. We cannot do it unless there is good governance, unless there is a comprehensive and fair judicial and legal system, unless there is a comprehensive and fair financial system, and, of course, unless we all recognize the corrosive impact of corruption.

This is why we are here. This is a recognition that is common to all in this room. But it is a challenge, at the same time, of even greater proportions as we look forward to growth and development in the next 25 years.

Now let me say that there are some signs of hope. First, there is a greater recognition on the part of many that the issue of governance is central. It is clear that this notion has been validated by our study of the Voices of the Poor. But there is also another hope in that the methodologies for getting good governance can be assisted by advances in technology which have not been available to us so readily in the past.

These advances in technology allow us to put a transparent light on corruption. What we have learned is that corruption cannot be affected by a statement by a leader or less still by a statement by me saying that corruption is not a great thing. Rather, it has to be dealt with by bringing it out in the open so that people can see that corruption exists and so that they can determine where funds are being diverted or inappropriate use of assets is being made.

Very simple things: In a country in Latin America recently, we discovered that there was double pricing on meals for school children. In one area of the country, the charges were four times the price in another. The
authorities simply published the information. Within days the prices came together.

In cases where funds go to schools and hospitals from central authorities, there is a very clear tendency when the information is made available for people of a community to ask: Where is the money? How is it being spent? That is a function of information and transparency.

With the digital revolution and with the increase in capacity to distribute information and to get people to participate in both management and supervision, great opportunities are available to us. The use of digital technology-first, as a tool to fight corruption and, second, as a tool for promoting greater efficiency, in terms of collecting taxes, in terms of issuing drivers licenses, in terms of the fabric of government itself--is a vital element of the governance process in this new age.

With some humor, the mayor of Washington said at our meeting today that in the city an applicant once had a need to take a hotel room for at least a day if he or she wanted to get a driver's license. He said with humor that now the city is either going to get the time down to 30 minutes to get a driver's license or someone's going to lose his or her job.

This is all because of technology, the speed with which things can be done using modern technology. Indeed, my colleagues have suggested to me that I refer to a number of initiatives that have already been taken in terms of the use of information technology for good governance.

They say, first, that it can contribute to greater efficiency of public administration by enhancing the exchange of information and simplifying procedures. They point to a number of initiatives that have already been taken, for example: an automated system for customs data that's been pioneered by UNCTAD and is now used in over 70 countries; and in the procurement area, the Mexican COMPRANET system, which has computerized the entire public procurement process and opened it up to electronic bidding.

They go on to point out the second aspect, which is that new information technologies can facilitate the involvement of citizens in governmental processes and decision-making through the creation of networks with a multitude of actors outside the public sector, including grass-roots organizations and neighborhood associations.

Third, they point out that new technologies can provide citizens with tools to monitor governmental decisions and performance, much as I talked about before in the case of school luncheons and in the case of expenditures for hospitals and schools.

Fourth, the revolution in information technology will ultimately enable governments to deliver most products and services directly and efficiently. As an example, they point to the remarkable work done in Andhra Pradesh in India.
Fifth—and this is the area which I would especially like to emphasize today—the new information technologies can help reduce poverty, amplify the voices of the poor, and overcome social exclusion.

Some of you may know about the work that is being done in the country that you are visiting now, the work of the Committee to Democratize Information Technology, CDI. In four years, CDI has created 110 self-managed, community-based, computer science schools in Brazil. It trains more than 25,000 young students per year in information technology skills. That is openness. That is opportunity. And there are more examples in Tanzania, in Sri Lanka, and in other parts of Africa, Asia, and Latin America.

I need hardly go on because this revolution is occurring. But it is clear that in your discussions today you will be given a major opportunity to address not just the technological change but the qualitative change in opportunity for better governance that has been brought about by the digital revolution. We at the Bank are taking advantage of this in many ways, as in our School Links Program to link schools in the developed world with the developing world. Another example is our soon-to-be-developed and announced global development network. Under the name of the Global Development Gateway, this program will provide information—interactive sources of information for governments, private sector, and civil society—for those who are interested in development around the world. I hope that at the next meeting we will be able to give you not only more information about it, but also demonstrate it to you.

I feel very confident that, at these meetings that you are holding, you will address the issues of governance, that you will address them in a way that will advance the cause of development, that will assist in the alleviation of poverty, and that will give us a sense of hope for the future. I am very happy to have had this chance to talk to you and only regret that I cannot be with you for the discussions. I wish your deliberations every success.