

## International Conference on Improving Governance and Fighting Corruption, Brussels

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**Paul Wolfowitz:** Your Highness, Minister De Gucht, Minister De Decker, Mr. Secretary General and distinguished participants -- very distinguished participants -- who are in the front line of the fight for good governance and the fight against corruption. I know for those of you who are doing in a difficult circumstances, it is truly the front line, and it is truly dangerous work and I admire you for it.

I have just come back from a very interesting trip to the three African countries, which I think was not only substantively useful, but I think it symbolizes to some extent, I think, where we are today, and I would say where we are today is in a much more hopeful position for Africa than we were 10 years ago. I think we are all too familiar with the tragedy of poverty in Africa and the accompanying tragedies of HIV AIDS and malaria and tuberculosis, children and young adults dying early in life, children growing up without any education and half the subcontinent - 300 million people living in extreme poverty, actually double the number in extreme poverty 20 years ago.

I think what people are bit less familiar with is that situation is beginning to change and for me it was very interesting to go to Ghana, which is one of the better performing African countries and then to visit Burundi and The Democratic Republic of Congo, who are kind of -- almost at the bottom of the ladder, but that are now emerging with peace and with democratic elections from horrendous civil wars. In Ghana what is striking on the one hand to someone coming from the World Bank is a country that is performing well, but it could perform much better and that if it could go from a good performance to an outstanding performance of the kind that we have seen for example in East Asia, they could eliminate poverty in a generation, not in three or four generations.

So, as much of the leadership of Ghana my message there was, don't be complaisant, but it was very interesting then to -- we were together in Ghana for the 50th Anniversary of Ghanaian Independence to talk with President Kabila of Congo, who said, "I saw in Ghana what Congo should become." To me that was very striking that we now instead of seeing a race to the bottom, we are seeing African countries emulating one another. We are seeing real progress, we are seeing 17 African countries representing about the third of the population of the subcontinent that now have achieved 4% real growth consistently over 10 years. Again, that's not good enough, but it is good and I think one of the reasons that we are seeing this improvement is a much greater attention by African governments and by the people themselves and it's an interactive process, much more attention to the challenge of governance.

More and more African countries taking on the challenge of corruption and I see across from here, the Former Finance Minister of Nigeria, who led the fight in her own country and I am told that -- one of her colleagues Nuhu Ribadu is here, who is literally one of those people with his life on the line, is the head of the Economic Crimes & Anti-Corruption Commission in his country. He said at the conference in Singapore last fall and I don't know how to put any better than this, "If you want to make poverty history you have to make corruption history." That is why for the World Bank group, corruption and governance are such important subjects. Yes they are moral issues and the moral dimension has got to be kept in mind, but from our perspective they are development issues, they are poverty issues.

Poor governance, corruption or as my predecessor once said, "A cancer on the development process and a cancer that is unfortunately the cause of a good deal of the poverty that we have seen and particularly in Africa." Improvement in governance is the reason why we are seeing things begin to change.

We, as I think you and several other speakers mentioned are in the process of refining the governance and anti-corruption strategy that we presented to the Development Committee in Singapore. As part of that process and for reasons I want to elaborate in just a minute briefly, we have considered it very important to consult broadly and not just with governments, although we have consulted with some 40 governments, but with representatives of civil society, parliamentarians, the private sector, total of more than 3000 individuals have participated in the consultation

on the strategy. And there are five major messages that have emerged from that consultation -- let me just say them briefly.

- The first and stronger single message was that even in environments where there are severe challenges of corruption or maybe particularly in those environments, it's very important for the World Bank and other donors to stay engaged. As many people said, "Don't make the poor pay twice," to pay for both in having a corrupt government and in having the donors withdraw because of it. There are ways to find; it's difficult and it's challenging but ways to find -- to work even in those environments and it is important to do so.

- In fact, that's the second point, that one of the ways of doing so is to work not only with governments, though those are our primary counterpart. But also critically important to engage with the private sector, with civil society, with the media and with parliamentarians and to scale up those efforts. As it was said, "the private sector will also send a very strong message that integrity is good for business" and that it's important for us to work with the private sector to combat corruption.

- Third, that we should as much as possible work to strengthen systems in the country rather than trying to create parallel systems that bypass and in the process, weaken indigenous systems.

- Fourth, to monitor progress as we go and

- Fifth, that the various donors really do need to work together - what we call harmonization.

Improving governance is certainly about fighting corruption, although it is also about much more than fighting corruption. When we talk about fighting corruption, I don't think we can emphasise enough that this is a responsibility of the rich countries just as much as the poor ones. In fact, I would almost say it is a responsibility even more of the rich countries; they have less excuse. When I visited South Africa a year and half ago, the President of South Africa just fired his Deputy President because that man's advisor had taken a bribe. The bribe came from a rich company in a rich country - in the best of my knowledge that company has gone unpunished. Every corrupt transaction has at least two parties to it and too often, the corrupter comes from a rich country. The rich countries, as Mr. Gurria said, have I think, a big responsibility to deal with that and perhaps equally important, maybe more important when it comes to large scale corruption, large scale stripping of assets from people to whom they belong. Those assets invariably end up in banks in rich countries, and I think there is a big obligation on the international community to figure out how we can do a better job of helping countries recover their assets. Minister Ngozi when she was minister, successfully recovered \$500 million of stolen Nigerian assets from Switzerland, and in fact, she is now advising us on ways in which we could make a broader effort in the international community. But I believe that's important not only as a matter of justice of getting assets back to the people they belong to, I think it's also an important potential to turn to large scale corruption. But as I say, governance is about more than that, it's about having transparent governments, accountable governments. That's why parliaments are so important as a check on the executive, that's why the free press is so important as a vehicle for conveying information to the society, that's why civil society and the private sector is so important because increasingly governments are responding to the pressures that come from their own people. But it's also about improving the competence of government; the most honest government in the world isn't giving you good governance if the members of that government can't administer a simple contract, for example, which is a challenge in many places.

So, building capacity is an important part of what we need to do and last I would cite, particularly in this conference improving the climate for doing business. In far too many poor countries, we see horrendous obstacles to starting a business. In Botswana and Mozambique, for example, it takes more than 100 days to start a business compared that to two days in fastest country Australia. In Ghana and Rwanda which are among the better performing African countries, it takes more than a year to register property compared that to two days in Sweden or Thailand. In fact in a way to me that makes it hopeful because if a good performing African country manages it in spite of those obstacles, think what they can do when those obstacles are removed. A strong private sector creates jobs, it also creates opportunities for people to improve their own lives and even more importantly the lives of their children in honest work rather than in corruption, and I think we've seen that over and over again around the world -- the growth of the private sector is aided by good governance, but a strong private sector also can help governance progress.

It's a virtuous circle where good governance leads to stronger development and stronger development leads to stronger governance, but it is very much, I think, at the heart of the poverty agenda and I thank the government of Belgium very much for initiating this conference, and I look forward very much to hearing the ideas that will come from many participants here. Thank you.