

Address

by Paolo Paiva

Vice President, Planning & Administration, Interamerican Development Bank

It is a pleasure for me to participate in this 9th International Anti-Corruption Conference. That such a well-attended and geographically diverse meeting is actually taking place reflects two important facts. In the first place, that corruption is no longer solely a domestic crime that should be dealt with exclusively within the boundaries of the State. Secondly, that beyond cultural diversity, there are certain patterns of behaviour that are deemed improper by citizens in every nation because they are contrary to the public interest.

Indeed, corruption may involve a local public official and a foreign citizen or corporation. The allocation of the illegal fruits of corruption may be in a country other than that of the public servant involved. Corruption has gone global and needs to be addressed at a supranational level. Corrupt acts imply a conflict of interest where private gain overrides public interest. Citizens are thus excluded from the benefits of government action to which they are entitled. Where public interest is no longer the thrust of public policies there often is cause for serious governance disorders and for the corresponding decline in development.

I want to emphasise this relationship between corruption and development, and the need to address corruption at a supranational level. The Bank's shareholders (comprising 26 beneficiary member countries from Latin American and the Caribbean and 20 member countries from Europe, North America and Asia) have prompted the Bank to support projects designed to curb corruption at different levels. It is important to keep in mind that the Institution belongs to the member countries and that it therefore reflects the political will of those member States. The Bank's commitment in combating corruption is by all standards a very positive sign.

Development, in its own right, has become an ever-expanding concept for the Bank. Consequently, there has been a broadening of the Bank's agenda over the years, which has not always been an easy task. Institutional programs related to public sector reform are a large percentage of the Bank's lending portfolio and also of its non-refundable technical co-operation financing. This is so because they are considered critical to the development process in the region, whereas in the previous decades infrastructure was the core of the Bank's development programs.

Even within public sector programs there has been a shift in focus. In the past decade, it was largely considered that development would necessarily follow healthy macro-economic policies in a framework of major structural adjustment. The role of the State was dramatically redefined. Most institutional programs and operations were a by-product of economic stabilisation efforts. However, it has now become evident that public sector programs need to go far beyond. It is now clear that they must also closely relate to

other aspects of development, such as good governance, rule of law and social welfare. The Bank's concern about corruption relates to these other aspects of development.

The Bank's projects along these lines aim at fostering accountability and integrity in the public sector. The Bank has made a point of responding to the countries' needs for increased transparency in the use of public resources (i.e. public procurement, internal and external audit, financial management); for stronger law enforcement agencies (judicial system); for a more efficient delivery of public social services and; for a professional and politically independent civil service, to mention just a few.

These initiatives would increase the public sector's capacity to better fulfil the role that each country's Constitution prescribes. It would also strengthen the legitimacy and credibility of the governments and ensure the rule of law. In a region that has yet to overcome poverty and consolidate democratic rule, these are major challenges.

In this context, for the Bank to increase its leverage in the region, it must also address the issue of good governance within the Bank itself. It is important that the Bank ensures the highest standards of in-house integrity. It is also crucial that it guarantees transparency at all stages of the project cycle: selection, design, approval, execution (especially at the contracting and disbursement stages), and evaluation and impact assessment of projects.

The Bank is in the process of mainstreaming these concerns through an integral anti-corruption policy document that is expected to be approved by its Board of Executive Directors in the first quarter of next year. In addition, the Bank will be hosting a conference early next year during which countries of the region will be invited to share with each other case studies of progress made in controlling corruption. At this event the Bank will also have an opportunity to convey a clear message: its commitment to integrity in the region's development process.

Two years ago, at the Lima Conference, the principal theme of the meeting was enhancing awareness of the corruption problem. Latin America and the Caribbean have gone well beyond that point. According to several opinion polls, corruption has been pointed out as the major concern for citizens in many of our countries. This does not necessarily account for more corruption, but rather for greater public exposure and far less tolerance for corruption. During the last two years, major political figures at the highest level of office have been convicted by courts; the press has greatly increased its leverage in social control of government action; citizens have become more directly and diligently involved in public decision making and in providing adequate oversight for service delivery; legislation, both domestic and international has been passed; the private sector has been increasingly concerned with corporate ethics; political campaign finance is now a recurrent issue; and the war on drugs (the major source of corruption in some member countries) is definitely more effective.

What lies ahead relates mostly to a better implementation of legislation and of policies directed at enforcing integrity in the public sector. The Bank will stand by its member

9th International Anti-Corruption Conference (IACC), 10-15 October 1999, Durban, South Africa

countries in complementing the necessary political will to undertake this on-going effort well into the new millennium.