

The Fight Against Corruption Must Come From Within

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Mr. Chairman, Ministers, Excellencies, Ladies and Gentlemen:

It is a great pleasure for me to participate in the ninth International Anti-Corruption Conference. I would like, at the outset, to congratulate "Transparency International" for a job well done in enhancing public awareness of the cancer that corruption represents at the local, national, and international levels.

In my former job as Governor of the Central Bank of the West African States, as Prime Minister of Cote d'Ivoire, and, today, in my attempt to participate as a free citizen in a Presidential election in my country, I have and I am confronting the different ugly faces of corruption from the petty corruption to the large scale corruption, from the economic to the political corruption. I would dare to say, today, that corruption is indeed the worse disease that a society can have. It is not only inefficient economically, but it is also a source of moral decay, both for the society as a whole and for each and every individual who is caught in its net.

During my tenure as a national, regional, and international official, I have noted that corrupt behaviour increases often with the size of the public sector. The more the competition is restricted through all kinds of red tapes, the more opportunities exist for corrupt practices. Public monopolies and monopsonies are well-known to be sources of large scale corruption. When at the highest level of the government, the concentration of power is in a few corrupt hands, the disease quickly contaminates the entire society, including the police force, the military, judges, teachers, and doctors... It becomes very quickly a means of survival. Hard and honest work is no longer seen as profitable.

An environment prone to corruption is one where public officials are not accountable for their actions, where law does not exist and where the respect of basic human rights is breached. In such an environment, social decay spreads and the young who face neither political nor economic opportunities become disillusioned. They are left only with three choices: to join the corrupt herd, to go abroad, or to hide in the informal sector.

Africa must avoid falling into a poor governance and corruption trap. By that I mean the vicious circle whereby poor governance keeps the formal private sector small, public institutions weak and corrupt, and rules and regulations complex, inequitable, and arbitrarily enforced. Poor governance leads to bad performance loans, which in turn, endanger the stability of the financial system. It also results in misallocation of real resources as well as deterioration in the quality of public investment and public services. It also reduces private investment and erodes public confidence in government policies.

Ladies and gentlemen, we are all aware that certain decisions can only be made at the highest level of government. Corrupt decisions in government procurement and infrastructure increase the cost of projects, lower their quality and lead to inappropriate choices. White elephant

stories abound across the continent.

Numerous studies have amply demonstrated that where corruption spreads, domestic investment and growth suffer. Moreover, in a world in which private capital has become more mobile, there is mounting evidence that corruption detracts private investment and direct financing. It also reduces international aid. Here, as I have said elsewhere, the lessons of another continent apply. In Asia, an unhealthy involvement of the public sector in the private sector, non-transparent practices, and cronyism contributed to the loss of confidence, large capital outflows, the undermining of the economy, and what is known as the Asian financial crisis.

In Africa, the key to sustaining the present increase in growth rate is likely to involve raising savings and investment rates, particularly in health, education, access to safe water, and basic infrastructure. But weaknesses in governance and acceptance of corrupt practices will slow progress. Investors demand a stable macroeconomic, regulatory, and financial environments. If these are not available, foreign capital will bypass Africa. Domestic savings will also remain low in a non-transparent and ineffective environment.

Corruption and bad governance go hand in hand with widespread poverty, and the non-respect of basic human rights. It hurts first and foremost the poorest, the children, the elderly, the women, the minorities, and the illiterates. It has to be fought at every corner. It is not an easy task and requires courage and perseverance as a lot of vested interests are at play.

Why are governance issues so crucial for Africa at this point in its history? I believe it is because the continent is at crossroads—crossroads being swept by the winds of globalisation. If Africa takes the correct turn, towards better governance and the fight against corruption, it can take the full advantage of globalisation. If, instead, African countries take the wrong turn, ignoring the forces of globalisation and neglecting to improve governance through institutional, political, and structural reforms, not only will their progress be slowed but the recent progress achieved in recent years could be eradicated.

Mr Chairman, what are the best avenues to fight corruption? I will submit that it has to come from within the country with the help of the international community. The latter should discriminate more between the corrupt regimes and those which are trying to eradicate this disease. Let me propose a few suggestions that I have developed in a series of articles published by the IMF in September 1999¹:

Redefining the role of the state. There is now a growing consensus on this issue: the state must establish a set of mutually agreed fair ground rules for private activity, and enforce them equitably and consistently; it must provide internal and external security for its citizens; and it must focus its limited resources on fostering the development of human capital (health and education spending) and basic infrastructure. If the state limits itself to these objectives and combines them with a credible and predictable policy-making environment, it will have made the best possible contribution to the development of the economy.

But when I say that the state should set and enforce the ground rules, I also mean that it must set the moral tone for social and economic activity. Private individuals and enterprises will

¹ "Integration and growth in a globalized world economy"; Four Commentaries by Alassane D. Ouattara, International Monetary Fund, Washington D.C., U.S.A., September 1999.

take an example from their leaders. The state must therefore hold itself to the highest standards of ethical behaviour more than any other part of the society, the government must respect the rule of law that it is charged to uphold. There must be no tolerance for corrupt or inequitable behaviour within the ranks of the government; and the state must be perceived to be guarding against abuses of power in any form. The creation of anti-corruption agency directed by a person of high repute could help in this regard. Only then will the government be seen by its citizens as a credible guardian of their freedom and a true partner in development.

An uncompromising respect for the rule of law. All who are engaged in the conduct of public policy know that a government must have some scope for flexibility, in order to respond to exceptional circumstances, or to deal with challenges not anticipated in advance. But such discretion must be exceptional indeed, and strictly limited in its scope. A rules-based approach is the best guarantee of the impartiality, consistency, and predictability of government action.

This underscores the critical importance of the right framework for policy formulation and execution. On one hand, this includes the regulations and legislation governing economic activity and all other areas of human interaction. On the other, it refers to the institutions of government, which must have clearly defined responsibilities and competencies, as well as the necessary human and financial resources to carry them out. Where the rules and regulations are clear, and where institutions apply them predictably and impartially, economic security will flourish, and social justice becomes possible.

Creating all these institutions is a major challenge. But a start can be made on as basic a level as the government budget. It should be programmed following established rules and open, transparent procedures; it should be submitted for discussion and approval by the parliament; it should be carried out as approved, with no recourse to extra budgetary spending or unapproved taxation, under continuous internal supervision and control; and its execution should be subject to ex-post verification and supervision by a strong and independent Auditor General. If these principles are followed, there will be transparency and accountability in government action, and predictability and consistency in the implementation of policy. This is what my party, the RDR, means by good governance in public affairs, and we will find it easier to demand good governance also in private corporate affairs.

We have made considerable progress in Africa toward improving the institutional setting of policy in recent years, but we are still at the beginning of a long process. We must make impartial and competent institutions the backbone of our society, and our reliance on them and trust in them must become second nature to us. But of course, institutions are only as good as the people who run them.

Civil service reform is key to this. Remuneration levels are woefully inadequate, and consequently civil servants are demotivated and susceptible to the temptation to earn a little on the side. Under such conditions, it will remain difficult to attract and retain the best and the brightest. Most countries have made progress in controlling the civil service wage bill — now it is time to extend those efforts to the reform of remuneration and advancement systems, so that merit is justly rewarded, and to achieve a closer matching of skills and competencies with the requirements of the administration and institutions. Another area that I would like to underscore is commercial jurisprudence the respect of contracts and property rights and all other aspects of economic security need an independent and qualified judiciary.

The international community can and must help in this capacity-building effort, through technical assistance and financial resources, where necessary. As the example of Russia clearly demonstrates, there is a need for a careful sequencing in changing and building new institutions. As a French proverb says “la nature a horreur du vide”. Development of administration and institutions cannot lag the liberalisation and the openness of an economy, otherwise it becomes an open door to corruption. This is true not only at the local level (urban or rural), but also at the national and international levels.

A proper role of the civil society. It is clear that reforms are most likely to succeed when the population is involved in setting the priorities of the reforms, and is kept fully informed of progress. This creates the necessary consensus for reform, and a sense of participation in the nation-building process. Consensus and participation, as well as open access to information about government actions, are also necessary to cement transparency and accountability in public affairs, because they create the basis of the regular oversight, supervision and control of government actions.

Parliaments, trade unions, confessional groups, professional associations, non-governmental organisations of all sorts — they all have a very important role to play in identifying development priorities, helping to formulate policies to achieve them, and ensuring that these policies are indeed carried out. Independent and autonomous domestic institutions, civil and professional associations, and NGOs can all act as “agencies of restraint” to government action. The same can be true of membership in regional or international organisations and adherence to their common objectives.

The most fundamental agency of restraint, however, is **the institution of free and fair elections, and their corollary, the smooth and peaceful transfer of political power.** These are the outward manifestations of a firmly anchored democracy — they translate the social consensus into political choices and represent the population’s most effective sanction of the actions of government. More than ever before, Africans are demanding accountability and honesty from their leaders, freedom from repressive governments, and the right to participate in influencing and formulating public policy. The growing demands for more participatory system are overdue.

Conclusion

Ladies and Gentlemen let there be no mistake: the fuel of ethnic strife, corruption, and widespread misery in Africa or anywhere else in the world, is an autocratic system of government. It takes a rules-based system to give each and every citizen equal rights under the law, which is the foundation of peace. Regional and international support should be on those countries which have the will to clearly break with the past, and I am honoured to be in such a country today and surrounded by such courageous women and men who fearlessly fought a politically corrupt arid autocratic government. It is the duty of every responsible African to follow suite and to fight, what I would not hesitate to call indigenous- grown economic, social, and political apartheid.

Ladies and Gentlemen, as President Mandela has taught us, we have to replace the love of power in our societies with the power of love and compassion for the poor. It is the future of our continent and of our children which is at stake at the eve of the new millennium.