

Speech to the Plenary

Mark Malloch-Brown
Administrator, UNDP

Thank you very much Mr. Minister,

It's a great pleasure to be here and as someone who has followed the growth of Transparency International -many of its leadership come from my old institution - the World Bank – and so I feel a great sense of camaraderie, comradeship and affinity for what they're doing and I'm very proud to be here today and to find that my new institution – UNDP – has long been one of the supporters of the organisation as well. So I'm delighted that these things have come together.

Talking to people this morning about what has been said in the earlier days of the conference and reviewing the speeches, it seems to me that amongst the many rich things that have been said there's been a lot of commentary on both how far we've come organisationally– after all this is just the ninth of these international conferences – but the support for it and the prominence of it has grown over those years – and how far Transparency International itself has grown. From the pipe-dream of a handful of activists in the Washington suburbs to a really major force in changing international attitudes. Yet at the same time the other form of commentary is one of puzzlement about the continuing pervasiveness and persistence of corruption, and, in fact, the amount of corruption in the world economy has probably increased during the life of Transparency International and these conferences. I recognise that's a debatable point: Is it that we talk about it more? Is it that we have better tools for detecting it? And, therefore, it is perhaps not a scientific statement when I say there's more of it, but I think it is probably something which underlies much of what all of us believe. How do we rationalise those two situations? I think we do it by looking at a third dimension of all this, which is that in the years since the first of these conferences in Washington there has been dramatic change in the world – dramatic change which in the short term has given tremendous new opportunities for corruption, but in the long term provides the ethical toe-holds and the levers for accountability which offer the prospect of a much more effective anti-corruption regime in the world.

Let me just touch on some of the changes which have effected all of our lives in the years since the 1980s when the first of these conferences took place: First, the collapse of the former Soviet block and the political changes that have flowed from that have very simply moved the vast majority of humankind from the authoritarian column to the democracy column. Coming with that – proceeding it in some cases, following it in others – has been an equally dramatic shift from state controlled command economies to market economies, so that today the overwhelming majority of humankind live in more or less perfect, democratic market societies. Now that shift has led to a lot of political consequences. When you look at it in terms of corruption, in the short term the sheer institutional turn over, the churn in elites that has accompanied this – whichever region of the world you look at – has clearly led to plenty of possibilities of new patterns of corruption. Indeed, in many countries, corruption has been the main road to economic power of those who now enjoy the commanding heights of, at least, the business sectors in some of those societies. Yet, at the same time, this shift – particularly the democratic half of it – obviously offers the prospect of a much more accountable set of public policy institutions, and therefore a much better prospect for limiting corruption.

At the same that this market, democratic shift has taken place, we are all effected by the different dimensions of globalisation itself. On the one hand, again, it's led to a very unaccountable global trade in finance – particularly, but also, in information flows, which you could again argue has led to new possibilities of corruption. But in the longer term it provides its own contribution to accountability, because if you look at the decisions that foreign investors are making in country after country,

suddenly good governance at the level playing field provided by a corruption-free, transparent environment has become a key determinant in every survey of foreign investor decisions on why they choose one country over another. So the competitiveness of global capital – the way it rewards the good and punishes the bad provides a potential incentive structure for fighting corruption. At the same time the global media revolution provides its own incentives – on the one hand you can say that, in the short term, the projecting of American lifestyles into countries that can't afford them may encourage a culture of greed and an appetite for corruption – but, again, the longer term consequence is a much more positive one where the internet revolution, particularly, is providing such a source of uncensored information coming in such a variety of forms and it's providing such an opportunity for like-minded citizens around the world to organise together – whether it is against land mines or for third world debt relief or against corruption – that the tools are available for a much more motivated, mobilised global action on issues such as corruption.

So we're dealing with a very different environment. My argument would be that, while in the short term it may have fed an increase in corruption as old societies and old structures of control have been replaced by the almost cowboy or jungle enthusiastic market capitalism of the late 80s and early 90s – following in the wake of this, as the world settles down to a democratic form of government – there is the possibility of regulating the new markets we've created, and regulating them in the name of a higher ethical standard than until now.

Let me just look at how the attitudes which are emerging provide the ethical base for such a regulation. The first is that from the street to the boardroom there is this focus on anti-corruption – even before I went to The World Bank I used to work as a political consultant in developing countries and used to – on behalf of my clients, people running for office in those countries – do an awful lot of polling from Latin America to Eastern Europe. And poll after poll the issue, which if all else failed you could run against an incumbent on, was anti-corruption.

There is a huge groundswell – which has only built in the years since – against corruption amongst ordinary voters in developing countries and the more the democratic option is expanded for them, the more they will exercise that right to throw out the scoundrels. I think Jim Wolfensohn, when he was here, pointed out the parallel movement amongst publics in donor countries, who are equally exasperated at any sign of corruption in the recipients of World Bank assistance or that of other donor institutions. So from North and South alike you've got a public culture of distaste for corruption which is ever more deep-seated.

But at the board room level amongst international multinationals, there is a similar resistance and repulsion against corruption. I know this is always viewed with some suspicion, as perhaps being driven by public relations rather than a conversion of conviction – let me say that I think it is perfectly sensible commercial policy for a multinational today to be deeply opposed to corruption. If you are operating in a developing country and have a well-established, dominant market position in that country, the last thing you need as an incumbent, is to see that position challenged by illicit payments to government officials by a challenger. You feel strong enough in your sense of ability to compete that you do not want to protect that competitive position by paying bribes yourself, but do not want to be challenged by newcomers, who come in and gain a market toe-hold through an unfair advantage provided by paying bribes. So for an incumbent multinational there is a great incentive to see a clean up of government in the corrupt countries in which they are operating. For newcomers there's an equal incentive, because if you are trying to – as a multinational business – project the costs of entry into a new market, the last thing you wish to handle in today's world is lots of hidden corruption taxes on the cost of your operations, and corruption unpredictables, which make it very hard to predict the real costs and time it will take you to establish a place – a foothold in a market.

Third, this is where that original public culture I was talking about – the culture of the street if you like – intersects with the culture of the board room: the public are your shareholders and your consumers and they are deeply intolerant – whether in America through the force of institutional investors, the pension funds and others, demanding a high ethical performance from companies, or in Europe, through consumers operating on fair trade principles when they make their buying decisions as consumers. You've got a huge push to raise corporate standards – so I think the corporates are moving.

Fourth, I think governments are moving – and you've heard a lot about that this week. Governments have really very significantly shifted their position. Let me give you an arcane statistic – it's a rather sad statistic actually – because I, as a new administrator of UNDP, wanted my staff to count how many times we were referred to in the opening speeches of the General Assembly this year and I was sad to find we only got 42 references – but good governance got 102. In other words, of the 180 heads of government and Foreign Ministers who spoke in the opening session of the General Assembly, 102 of them focused on good governance as absolute priority for their own actions and for global actions. This would have been an inconceivable number just a few short years ago – so there's a dramatic shift too by those institutions.

But let me turn to, for me, the most important element of all this, which is that the democratic market shift that I began with, has brought a whole new set of actors into the equation. This is civil society – a group which has grown dramatically in the years since TI opened its doors. Let me just give you a sense of this – in Kenya there are now 23,000 women's groups, in Tamil Nadu State in India there are 25,000 registered grass roots organisations, Bangladesh has at least 12,000 local groups, in this case that receive central or local government support (which is the only way of counting them there), the Philippines has 18,000 registered NGOs. In 1990 there was an attempt to count the NGOs world wide in developing countries and they counted 50,000, that figure we all know has increased by a multiple of severalfold since then. So one of the immediate consequences of the space created by this historic shift – since 1989 - has been the moving into that space of a very dynamic global civil society, active at the community, national and global level. And it is to that group that I look as the lever to really move in a creative way to bring those other three forces together.

Therefore, it's with great pleasure this morning that I announce that the UNDP is forging with Transparency International a new partnership to create The Partnership Fund for Transparency. The Partnership Fund will provide special resources to address critical short term capacity needs of national and local NGOs in the corruption-busting area. It will be established as a non-governmental, non-profit organisation, with the objective of supporting an independent and effective role for civil society in the design and monitoring of anti-corruption programmes in developing countries. It will initially be headquartered in Washington, I hope it will shortly thereafter move to a developing country. We have made an initial contribution to set it up, Transparency International will lead the management of it and Peter Eigen and I have both been talking to other donors and have hopes that we will have a significant budget in place very quickly. But much more important than the budget is that we are going to put a training resource behind an army which is already on the march, which is civil society's global effort to push governments, corporations and other institutions along this path towards fighting corruption and I think if we can now give that push to civil society, while ourselves – UNDP – working in our own area of competence and strength, which is as an advisor to governments, to help them create the institutions that respond to this public demand, then I think we may finally be about to turn the corner in this dramatic fight against corruption and the idea that began – they always say those California companies began in a garage – this one began in a Washington suburb – and I hope we can now take that idea to its fruition. I think we're at the moment of take off, it's an exciting day, thank you very much.