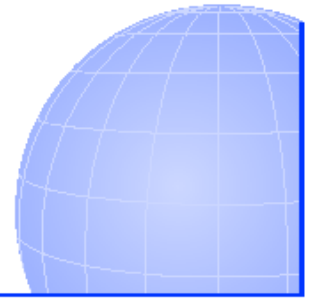


# Global Corporate Governance Forum



**BRIEFING NOTE - MARCH 22, 2002**

## **Anti-corruption and Corporate Governance: Tools in Promoting Financing for Development Global Corporate Governance Forum**

The elimination of corruption and reform of corporate governance around the world are one of the fundamental – and linked - challenges of promoting democracy and economic stability. The international ideals of free markets, democracy and broad prosperity cannot be achieved without eliminating corruption and promoting high standards of corporate governance. Both distort economic decision-making, deter investment, undermine competitiveness, and ultimately weaken economic growth. Corruption and poor corporate governance corrode the foundations of a market system, undermine the political, social and economic security of nations, and the prospect of prosperity for all.

Fair and efficient markets require, and themselves promote, democratic forms of government, political stability and the rule of law, in a relationship that ultimately nurtures broader prosperity. It is evident that corruption and poor corporate governance inhibit the development of fair and efficient markets, and each enables the existence of the other.

Where corruption is tacitly accepted as a means of doing business, efforts to improve the legal and regulatory framework for corporate governance are unlikely to succeed. Likewise, where corporate governance systems fail to protect shareholders, to treat stakeholders fairly, and do not ensure transparency and accountability of managers, corruption may flourish.

Therefore, encouraging high quality corporate governance practices as a linked element of anti-corruption measures, are the twin pillars of developing fair and efficient markets. Both are relevant to broader efforts to promote sustainable economic development and democracy. They depend upon implementation by the private sector, with the active support of civil society and stakeholders, within a framework of law and regulation provided for by government. Achieving effective measures therefore requires the active partnership of all sides in a full practical engagement for reform.

This session on anti-corruption and corporate governance provides an opportunity for leaders in the field from developing and emerging markets to present and discuss the tools that are being used to build practical and sustainable reform efforts. Speakers from different regions, and representing a range of different perspectives, will present their experience, and lessons learned. The session will include an interactive dialogue with participants attending, in order to highlight recommendations for future knowledge sharing and support for effective action.