

Global Corporate Governance Forum



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Developing country leaders call on Monterrey meeting to tackle corruption and corporate governance with action

In a special address to the Global Corporate Governance Forum session, His Excellency Mr Festus Mogae, President of the Republic of Botswana, highlighted the importance of anti-corruption and corporate governance in promoting Finance for Development. The President applauded the Global Corporate Governance Forum for advancing the practical experience of developing countries in establishing tools for effective reform, and promoting dialogue to exchange experience and lessons learned internationally. His Excellency argued “Corruption is a global problem, and a social evil. But reform is not a solution imposed by the West, it is a solution demanded by the poor who suffer the consequences every day. Transparency, accountability, responsibility – these are the watchwords of corporate governance, and these are the principles which will enable us to tackle corruption.”

Ministers, private sector leaders, and NGOs called upon the Monterrey conference delegates to continue to elevate the dialogue on anti-corruption and corporate governance and build upon the meeting to develop the practical tools for effective reform. Panelists included high level speakers from OECD, Commonwealth, Mexico, Pakistan, Philippines, Poland, USA and Zambia.

The session focused upon the elimination of corruption and reform of corporate around the world as one of the fundamental – and linked – challenges of promoting democracy and economic stability.

In his opening remarks, Seiichi Kondo, Deputy Secretary General of the OECD, emphasised the importance of governance, both public and private, to make democracy and the market economy work effectively and to make globalization work for all. He particularly referred to the important role of civil society can play in pressing governments and the private sector to take necessary steps.

Patrick Chisanga, President elect of the Institute of Directors in Zambia argued that public private partnership, with strong support from civil society was key to sustained reform on corporate governance and in tackling corruption. “The law on paper will mean nothing if we cannot mobilise the business sector and civil society to enforce the rules which government writes.” The starting point for reform is at the country level, with regional links and global networks building upon this.

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Victor Valdepenas, President of the Union Bank of the Philippines highlighted the critical role of banks in promoting anti-corruption and corporate governance, through clarifying duties of directors, tightening of liabilities, and the need to raise standards through both codes of best practice and mandatory training programmes. The momentum had come from “People Power”, there was no top down solution. The Philippines had begun to develop the institutional infrastructure through establishing an Institute of Corporate Directors, which was linked to a regional network for exchanging best practices.

Zahoor Awan, Secretary General of the Pakistan Federation of Labour said that the focus upon corruption and poor corporate governance was critical, particularly during privatisation. More money was lost through corruption and poor corporate governance, than was owed in debt, or sought in aid. “This is the mother of all problems in development.” More needed to be done to ensure that swift action was taken in line with international conventions.

Alan Larson, Under Secretary of State for Economic, Business and Agricultural Affairs, United States, commented that tackling corruption and promoting corporate governance is a shared responsibility for the international community. “Effective reform is not about pointing fingers, it is about partnership to make change happen in every country. These are shared issues for us all.” The panel had highlighted the practical tools being developed in developing markets, from the role of NGOs, regulatory watchdogs, capacity building, awareness raising and strengthening of institutions. “We have all got a lot of work to do, in each country – but support from civil society is key.”

Henryka Bochniarz, President of the Polish Employers Federation explained the transformation of the economy which had led to a focus upon corporate governance with the shift from state to private ownership over only a ten year period. “We need to build our reforms from the bottom up. Unless the business community fully understands, and supports the reforms, they will simply not happen. Law on paper is not enough.” There is a need for international dialogue and exchange of experiences, building upon the session at Monterrey. “There is a need for a core set of global practices, but these must be rooted in the different experience each country has.”

Right Honourable Don McKinnon, Secretary General of the Commonwealth underscored the importance of corporate governance reform and anti-corruption for the majority of the world’s nations seeking capital to fund their growth. “Investors are looking for safety – even with incentives by Government, capital will not come unless reforms are underway. Corruption puts a price on every good and service, which developing countries can ill afford.”

Aldo Flores, Director General of the Bureau for Bilateral Global Issues, set out the Mexican experience in developing the legal and regulatory framework to raise standards of corporate governance and tackle corruption. Independence for regulatory bodies, including financial supervisory bodies, was critical. Reforms to the corporate reporting and accountability framework in recent years had raised standards of transparency, better protected minority

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shareholder interests and increased awareness among the business community. “The most important issue in reform is enforcement. Strengthening the institutions which can ensure enforcement is the single biggest challenge we face.”

Summing up session moderator, Anne Simpson, head of the Secretariat of the Global Corporate Governance Forum commented “The scope of the Monterrey consensus is impressive, and the vision is inspiring – but the question on everyone’s lips is ‘how do we get this done’? The consensus is there, but the action must follow. The session has provided an opportunity to learn from the practical experience of developing countries in developing tools. Tools are intended for use, and that is the next stage of this dialogue – not the what, but the how. This must be based upon the experience and insights of developing countries. Today’s examples are just the beginning.” The practical discussion at this governance session should assist leaders participating this week in Monterrey to achieve real reform in implementing their national economic development strategies.

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For more information contact: Anne Simpson, Manager, Global Corporate Governance Forum Secretariat, 1818 H Street, NW, Washington, DC 20433, USA.

e-mail: asimpson@worldbank.org

web: <http://www.gcgf.org/>

telephone: (1 202) 458 1857

facsimile: (1 202) 522 7588

Editors note:

The Global Corporate Governance Forum was established to promote global, regional and local initiatives that support corporate governance reform in developing and emerging markets. It is sponsored by the Governments of Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, United States, OECD and the World Bank Group.