

## Building Multidisciplinary Frameworks to Combat Corruption

7<sup>th</sup> Regional Anti-Corruption Conference of the  
ADB/OECD Anti-Corruption Initiative for Asia and the Pacific  
Hosted by the Government of India

New Delhi, India, 28-29 September 2011

Opening Address  
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### I. Introduction

Your Excellency Madam President; Honorable Shri Narayanasamy; Mr. Boucher; Madam Sirohi; distinguished guests; ladies and gentlemen:

I am honored to be here this morning.

I would like to take this opportunity to thank the Government of India and particularly our host, the Ministry of Personnel, Public Grievances and Pensions, for hosting this regional conference on Building Multidisciplinary Frameworks to Combat Corruption. This is an important forum for us to discuss a range of pressing issues.

India has been actively participating in the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific since its launch in 2001.

Our ongoing portfolio with the Government of India includes 67 sovereign loans amounting to US \$10.2 billion. ADB has been supporting the Government's efforts to facilitate inclusive growth as emphasized in the 11th Five-Year Plan. Our partnership has focused on four areas: (i) inclusive and environmentally sustainable growth; (ii) catalyzing investment through the use of innovative business and financing solutions; (iii) strengthening results orientation and knowledge solutions; and (iv) regional cooperation. India's economic growth in the past decade has been phenomenal. We would like to see India's robust growth continuing in future with more people sharing the opportunities that growth and development provides.

### II. Challenges of Weak Governance and Corruption

Corruption remains a major global challenge. It devastates societies, harms economies, undermines the rule of law, distorts competition and weakens public trust.

Transparency International's Corruption Perception Index, a survey which annually ranks countries by their perceived levels of corruption as determined by expert assessments and opinion surveys, revealed in 2010 that corruption remains a serious problem in nearly three quarters of the 178 countries it reviewed. Unfortunately, many members of the ADB/OECD Initiative ranked poorly on the index, with many suffering from high levels of corruption.

A separate survey by Transparency International – the 2010 Global Corruption Barometer – interviewed over 91,000 people in 86 countries about their perceptions of bribery in their own countries. It found that people in almost all Asian countries, regardless of income level, felt that

corruption had worsened over the last three years. It has also been widely reported that corruption threatens the global community's ability to achieve the Millennium Development Goals by 2015.

Although the Asia and Pacific region has had tremendous success in reducing poverty through several decades of strong economic growth, there are increasing income and non-income disparities among and within countries in the region. Asia is home to more than hundreds of millions people who struggle to exist on \$1.25 a day or less. And we know that weak governance and corruption hits the poor the hardest. Corruption is a serious brake on the development process now, and into the future.

Asia's development over the past four decades has been remarkable and many people are now talking about the Asian Century, with the economic center of gravity shifting to the region.

A recent ADB study called "Asia 2050: Realizing the Asian Century" articulates what the Asia and Pacific region might look like in the future. The study found that if current trends prevail, Asia could make up half of the world's economic output by 2050 and another 3 billion people would have joined the ranks of the affluent, their income matching those of Europe today.

The study also states that while the Asian Century is certainly plausible, it is not preordained. There are several serious challenges to achieving this collective aspiration but one overarching challenge that is relevant to us here today is improving governance and fighting corruption. Asia has generally lagged behind the rest of the world when it comes to effective governance practices and effective institutions. If the region is to move forward and this is to become the "Asian century", eradicating corruption will be crucial for growth, as well as to maintain social and political stability.

Asian countries must transform their institutions with an emphasis on transparency, accountability and enforceability. In this context, this conference's focus on strengthening diverse institutional frameworks to combat corruption is very relevant and timely.

### **III. ADB: Development and Good Governance**

The persistence of poverty in the Asia and Pacific region is a major challenge for the region. We at ADB believe the way to reduce poverty and make development more effective is by addressing corruption and governance problems. Corruption sabotages policies and programs that aim to help the poor and move a society forward economically and socially.

As the region's development partner, ADB works closely with our developing member countries to address their governance challenges. Our engagement in the ADB/OECD Initiative is an integral part of our overall program on good governance and public sector management.

We were the first multilateral development bank to adopt a Governance Policy in 1995, and three years later in 1998, we approved a comprehensive Anticorruption Policy. Strategy 2020, our long-term strategic framework, reframes good governance – transparent, accountable and participatory – as a driver of change in the Asia and Pacific region. Our anti-corruption efforts are a crucial part of our broader governance agenda, which seeks to improve the quality of the public sector.

We also focus on initiatives and systems in our member countries that emphasize corruption prevention and utilize the international framework embodied in the United Nations Convention against Corruption. We are pleased to note that the majority of members of the ADB/OECD Initiative have ratified this Convention.

#### **IV. Regional Conference: Strengthening Multidisciplinary Frameworks**

ADB warmly welcomes the theme of this year's conference which emphasizes a multidisciplinary framework for fighting corruption. Governments, private sector, citizens, and civil society must work together towards a transparent and accountable governance and anti-corruption agenda. Equally important are the partnerships among diverse groups of institutions at national, regional and global levels.

Today, business leaders from the private sector are becoming more aware of the legal problems and risks to their reputation associated with corruption. Many private companies have promoted corporate responsibility and accountability internally through codes of conduct, transparent company accounts, and integrity in operations. ADB is committed to expanding our work with the private sector to generate economic growth in the Asia and Pacific region by strongly promoting and encouraging public-private partnership in our core operational areas. The private sector has been, and will remain, the engine of growth in the region. We therefore strongly support improvements and reforms in corporate governance.

As we provide billions of dollars to member countries for development, strengthening public procurement is a key concern for us. The vast amounts of money flowing from government budgets for procurement can create opportunities for corruption. We are very concerned about ensuring effective use of our financial resources. Complex procedures, broad discretion, weak oversight, and limited implementation capacity are among the main challenges to making sure resources are used properly.

ADB has supported several approaches to counter corruption risks inherent to public procurement, as well as bolstering country systems. For example, we have strengthened the capacity of central procurement oversight authorities, promoted e-procurement, and engaged civil society and private companies in emboldening transparency and integrity in procurement.

ADB recognizes the need for and advantages of international cooperation in the fight against corruption, including in the area of investigation. In 2010, ADB joined the African Development Bank Group, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, and the World Bank Group in an agreement to cross debar firms and individuals found to have engaged in wrongdoing in our development projects. ADB believes that collective efforts of multilateral development banks in combating corruption globally will make development more effective and bring about sustainable economic growth in the long run.

#### **V. Conclusion**

Let me conclude by thanking all the members of the Initiative and other conference participants for your unrelenting commitment to fighting corruption in your respective countries. Corruption causes profound harm to a society and hampers the development process. It must be beaten if we are to achieve inclusive development and reduce poverty in the Asia-Pacific region

I wish you a very stimulating and fruitful discussion over the next two days.

Thank you.