

The Road Ahead: Global Transparency for a Sustainable Future

13:30 - 15:00, 2 November, 2008

Master of Ceremonies:

This is the final plenary of this conference, entitled “The Road Ahead: Global Transparency for a Sustainable Future”.

Please help me to welcome this last panel, which, as you will see, has been changed slightly:

HRH, Prince El-Hassan bin Talal, Prince of the Hashemite Kingdom of Jordan;

Gabriel Negatu, Director of the Governance, Economic and Financial Management Department of the African Development Bank;

Richard Samans, Managing Director of the Center for Public-Private Partnerships of the World Economic Forum (WEF);

Ingrid Srinath, Secretary General of CIVICUS;

Cobus de Swardt, Managing Director of Transparency International;

And my colleague, Melinda Crane, both a journalist and anchor, who will be the moderator for this final session.

Melinda, you have the floor.

Ms CRANE (Moderator):

Hello and welcome. It is a great honour to moderate this panel on “The Road Ahead: Global Transparency for a Sustainable Future”.



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

Since I agreed to take on this very agreeable and challenging task, events have conspired to turn our subject from one of perennial, big picture interest into a matter of truly pressing urgency.

The global financial crisis has metastasised into a worldwide economic meltdown. And as usual, it is the most vulnerable and the poor who are paying a heavy price.

Some actors from the private sector, some international and national institutions will not survive the crisis. And the old economic order is looking increasingly unsustainable.

We are hearing cause for a new “Bretton Woods” system, for a reformed, global economic architecture, even for a new, global green deal. We are also hearing the heralding of a return of regulation, of a new era in which probity and accountability will replace greed.

Nearly everyone agrees that trust and transparency are essential, that we must restore them if the international economic order is to function.

But of course as usual the challenges in the specifics – how, what, which institutions do we need for that? What measures will ensure that the present crisis does not provoke retrenchment but instead reform?

Those are some of the questions that we want to talk about here today with five very distinguished panel members. As you heard, a few changes have been made to the line-up. We have lost two panel members, Ephraïm Inoni and Donald Kaberuka, but we are very pleased that we have gained one.

We will be hearing from each member of the panel for about 10 minutes. Then I will ask a few follow-up questions to get us started, after which I am looking forward to hearing from the members of the audience.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

We would appreciate it if you could ask questions rather than give statements, because our time will be limited. And we would also love to hear who you are and where you're from.

And now it is a great honour for me to introduce our first speaker. He is Prince El-Hassan bin Talal of the Hashemite Kingdom of Jordan. He is the President and Patron of the Arab Thought Forum and the President Emeritus of the World Conference of Religions for Peace. And is active in so many organisations and causes that I would use up half his time were I to enumerate them all.

So, I'll simply say that he is deeply committed to and has won many prizes for engagement on behalf of intercultural understanding and the empowerment of the poor.

PRINCE BIN TALAL:

Melinda, I came to the microphone early to shorten the journey and maximise the ten minutes at my disposal. You are so kind in saying all those things about me... I didn't even recognise half of them.

You could ask yourself what a Prince is doing here, talking about civil society and accountability. I addressed the Nordic Council a couple of years ago in Copenhagen, and I stood up and I said: "There are three categories of people who should not be speaking in a parliamentary or constitutional setting. The mentally-challenged, felons and members of royal families".

I want to start today by quoting an intellectual giant of our times, who celebrated his 80th birthday a couple of days ago. I am, of course, speaking about Paul Volcker. He said exactly what you just said, that we are facing the serious problem of restoring trust and confidence during a serious recession. Of course, it is by no means comparable to the Great Depression.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

President Zoellick of the World Bank mentioned, the other day, the r-word, reconstruction. He spoke of an International Bank for Reconstruction. I would add to that reconciliation and religion, for those of you who are interested in an ethical approach to some of the problems we are addressing today. I think that it is important to bear in mind that in advocating change – and I am quoting Paul Volcker – “the recitation of particular market vulnerabilities, of supervisory lapses, of failure to close gaps or end disagreements among regulators is not surprising. The drumbeat,” – and this is the point – “of lobbying pressure has not been for more effective supervision.”

As a member of the kitchen cabinet of ECOSOC (Economic and Social Council), the other day I called for the division of ECOSOC into an economic and a social council, because I think that the activities relating to social equity – and I am a member of the International Commission on Legal Empowerment of the Poor – have not, unfortunately, been moving to the drumbeat of economic achievement or development.

When referring to our part of the world, I would like to refer to the McKinsey Report. I spoke at a Global Compact meeting the other day, or was it a couple of years ago? And Global Compact, to my surprise, included governments and the private sector. It did not, however, address, other than on the fringes – I think we now discard externalities, or knock-on effects, or collateral or whatever else we don't want to discuss with a pejorative like “fringes” – the theme of bringing governments, civil society and the private sector together, in the context of an over-arching thematic mission of redirecting multilateralism. And that is the theme I want to try and address.

What worried me about the MENASA Report is that, whereas today we are seeing the slowdown in Persian Gulf or Arabian Gulf economies reverberating in the Middle East, “the UAE injected 32 billion into its banking system and guaranteed bank deposits, and so the injections of finance

continue through every Gulf country”. Prime Ministers, from Gordon Brown to other Western Prime Ministers, are visiting Gulf countries. It is interesting to note in the MENASA Report that there is absolutely no reference to key elements of what you would consider geographically to be the Middle East, North Africa and South Asia, that is to say Israel, the Palestinian Territories, Bangladesh, Sri Lanka, Yemen, Syria, Sudan, Iran and Iraq. These countries are geographically a part of the MENASA region, but they have not been included. Presumably, MENASA, in the eyes of McKinsey, means countries that by Heritage Foundation Freedom Rankings are regarded as serious countries. And unfortunately, my politics and those of the Heritage Foundation don’t necessarily coincide on a scale of 10.

I do want to say, however, that the time has come to recognise the basis of our problem. Different perspectives would be acceptable in a democratic context, but the basis of our problem is, in my humble opinion, that we face four simultaneous macroeconomic shocks, all of them relating to human dignity deficits.

Firstly, the International Energy Agency, IEA, estimates that the energy sector needs 22,000 billion US dollars over the next two decades to meet the rising demand for energy. The Stern Review says that we must spend 14,000 billion US dollars over the next 20 years to cut carbon emissions. Analysts claim that we need an immediate capitalisation of the global banking system, to the order of 1,000 billion US dollars, and probably much more over the next two decades. The UN indicates that the Millennium Development Goals require 1,100 billion US dollars in promised foreign aid, and another 1,100 billion US dollars in newly-generated funds to end poverty and related problems over the next seven years, and then even more after 2015.

And presumably, all of this, or much of it, is going to come from the milk cow of the traditional sources of funds.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

We, the people of the region, live in the hinterland of oil. When you speak about EITI, what is important to me is not just the pipelines; what is important is the people living in the neighbourhood of the pipelines. I would have liked to have seen my Cameroonian friend on the panel today, just to remind him of the pipeline that goes from Chad to Cameroon... but presumably all the fuss about Darfur is not only related to poverty. I was working with lepers in Darfur in 1986, long before anyone had heard of Darfur. I assume it is also related to the fact that oil will flow from that pipeline, from the Horn of Africa all the way to the Atlantic coast when we are all vaporised by a nuclear confrontation in the region.

Financing will be impossible without a major, global, macroeconomic adjustment, which includes, in my humble opinion, intra-regional compensation. Intra-regional, ladies and gentlemen. Our region has an Arab League and an OIC, which meet once a year, if that, to discuss everything and nothing. We have an ESCWA, which I believe is somewhere between Beirut and Vienna when it isn't being bombed; and apart from that, I don't think that we really have any quarterly meetings at all. I think that if we take on the macroeconomic adjustment on the basis of intra-regional governance, that could perhaps end the season of "bread and woods", the season of ministers meeting and greeting in Washington and New York, and encourage them to meet in the region and thereby begin to generate authentic policies for and from the regions we are talking about.

The bright side of this crisis is that it provides the world with an opportunity to redefine the relationships between energy, environment, anarchy, policy, poverty and perhaps even to undertake a total recalibration of our system. The degree to which energy is related to monarchy values is seldom realised because oil is priced primarily in dollars throughout the world and has more of a direct influence on the value of currency than any other factor.



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

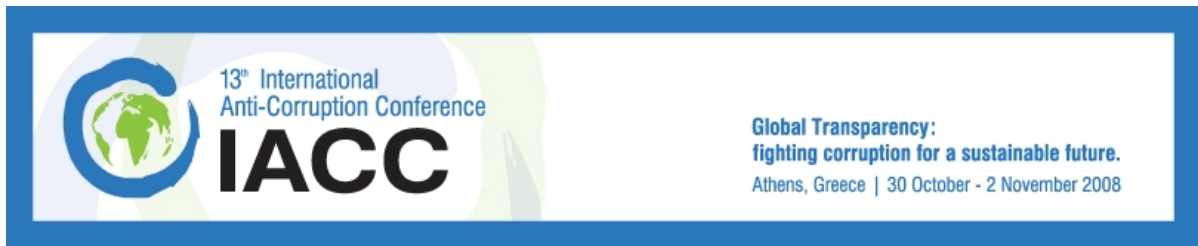
The dollar is fundamentally linked to global crude oil as its de facto reserve base and this has broad implications. Many people are now acknowledging the need to internalise the external costs of environmental degradation and climate change into the market system by setting a real price on carbon emissions.

The idea is that as consumers and businesses are forced to adjust their practices and lifestyle by reducing their oil consumption, that businesses will find investing in efficient alternative energy cost effective. William Polk wrote a splendid article the other day suggesting that as the English were once known as “a nation of shopkeepers”, so too have we become not shopkeepers, but “junkies” in terms of our consumer patterns.

I would like to add to that, as a promoter of DESERTEC solar energy from the Gulf across North Africa to Europe, and say that it is almost impossible to talk about greening that part of the world. It would mean for example a solar energy power plant on the Egyptian side of the Gaza strip. You can mend a solar panel; you cannot mend a hydrocarbon station.

You mentioned the issue of greening and I would like to say that Juan Somavia sent a letter to the G8 calling for green jobs in the region. Of course, even if every person and every business in the world were to adopt clean and renewable sources of energy right this minute, petroleum would remain the most important ingredient of economic growth and profit and wage incentives and green businesses would still be dominated by dollar values linked directly to oil. So, in other words, there are two lobbies working directly against the greening solution. But we hope that solution will appear somewhere down the line.

The triple bottom line strategy made popular by a grand coalition of environmentalists, politicians and business leaders and simplified with the slogan “People. Profit. Planet.”, proposes that tackling our social, ecological and energy problems will create a massive stimulus for business and jobs.



While this formula gives print primacy to the economic signals of the market, it largely ignores the independent, monetary driver of energy reserves, currency values and interest rates.

Ladies and Gentlemen, we have to face the fact that a money-system based on debt and compound interest requires a level of exponential economic growth that tests the physical limits of its resource reserve, which in our present system is fossil fuels. Any major movement by governments to price carbon emissions in market terms will result in a dramatic increase in oil prices, creating widespread inflation, a significant increase in interest rates, large fluctuations in exchange rates, upheavals in global capital markets, disruptions in access to credit and major monetary disorder. Not to mention the parallel grey economy, which is running most of our countries anyway. And the extremist, for that matter, who, because of our inability to reach people, to reach our own people, is becoming increasingly successful in filling vacuums. Greening all the world's businesses, through the economic signals of the marketplace, will not change the energy base of civilisations from fossil fuels to solar or other renewable energy sources, as long as the reserve standard of the dominant global currency remains tied to fossil fuels.

Ultimately, the external cost of global poverty, climate change and geopolitical security, must be adjusted. I would like to suggest alternative sources of funding, such as global, common transaction taxes and an expansion of the special drawing rights of the IMF. But also by means of an adjustment of the world reserve currency system. Global currency values should be determined according to priorities and according to the sustainability of global energy resources as monetary reserves, not by their price in the market base, which is based on economic productivity and growth.

Is it perhaps also the question of whether we are interested in protecting oil in situ? Are we interested in protecting the hinterland? Are we interested in protecting the strategic waterways? In that regard, if we are going to talk about the protection of oil, are we interested in the IDPs (internally displaced persons), the DPs (displaced persons), the stateless persons, the refugees, the mass migrations of people that have caused the real upheaval in our part of the world?

If these matters are of interest to us, then when are we going to create a cohesion fund, as Paul Volcker suggested, for the symmetric empowerment of the poor?

If terms of cultural solutions, I am pleased to say that our call for a *fetwa*, a legal injunction, was answered, calling for 20% of the profits of oil to be spent on the empowerment of the poor, *zakat*. That would mean 1/5 of the ties. That would most certainly change the war on terror to a war or a struggle for human dignity.

I think we have done enough fighting against this and that. Walter Sisulu from one hemisphere and Yehudi Menuhin from another asked why we don't work for something.

I would therefore like to conclude by asking why we don't work for a global social charter, a legal covenant for the just distribution of resources and human security?

You have an opportunity on December the 15th to do just that. I hope Joseph Stiglitz will help edit the input of the 500 NGOs at that conference. But even Joseph Stiglitz is not a miracle worker. The main thing is that we start a process of calling for real change:



A global water energy and clean air authority that ensures the availability of sufficient and affordable flows of water and energy to curb carbon emissions.

A global monetary council to oversee capital markets through public consent generating capital formation of the goal of economic growth and development rather than basic trading.

A global transparency agency that generates fees from the sale of rights to common resources and ensures that they are spent for the common good.

I am a Prince, but I don't do business. I don't even do monkey business. So I am still in the trees really.

I would like to conclude by saying that the lesson we are learning from the financial crisis is that we cannot borrow ourselves into wealth.

Thank you for your kind attention.

Ms CRANE (Moderator):

Thank you very much, Your Highness. And with those last words, it is quite fitting that we will now hear from an institution that lends, namely the African Development Bank.

We are very pleased that Gabriel Negatu could jump in for Donald Kaberuka who could not be with us today. Mr Negatu is the Director of Governance, Economic and Financial Management at the African Development Bank.

Thank you very much for being with us, Mr Negatu.

Mr NEGATU:

Thank you very much, Melinda, and let me begin by apologising on behalf of Donald Kaberuka, who unfortunately could not join us today due to unforeseen circumstances. But I bring you his greetings and well wishes.

Let me also thank TI for the opportunity to present my comments during this closing session, as we reflect on what has been said over the past few days and contemplate the “Road Ahead”.

I would like to share some perspectives from the African Development Bank’s side, vis-à-vis the implications for Africa.

In order to put things into context, I would like to begin by saying, with regard to what is happening with the fight against corruption, or to put it more positively as the Prince just did, the promotion of integrity and accountability and transparency, that we can safely conclude that, as a whole, Africa is increasingly demonstrating the political will required to promote transparency and accountability. One can see that today, there is a profound shift towards the better in Africa.

Institutional corruption, by and large, is on the decline and pro-transparency and accountability institutions are beginning to receive the necessary credibility and become more effective.

This is underscored by the fact that over 80% of the 23 countries that have now endorsed EITI are from Africa. I think this sends out a clear message to anyone who may for a second think this is a western-driven agenda: the demand for this kind of accountability and transparency is coming from Africa with the support of our partners.

It is not only a state-driven action. I think most of you know that NGOs from 23 African countries have now joined the “Publish What You Pay” Initiative with a view to promoting full transparency of the revenues accrued by these resource-rich countries. But these are all just indicative figures.

I should also mention the African Peer Review Mechanism which is an African-led initiative to promote good governance in Africa. 29 out of Africa's 53 countries have now signed on to this initiative, and yes, implementation may be slow, but I think we can take heart from the fact that countries have signed on to the initiative.

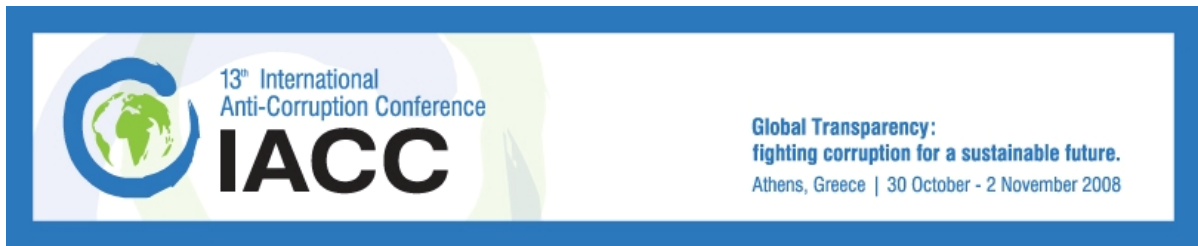
The key message is that Africa is on the move. The direction we are travelling in is encouraging. The trajectory is positive. Nevertheless, we should be mindful of the fact that there is still a lot more work to be done.

Despite the fact that institutions of accountability and transparency are taking root, they still remain fragile, extremely fragile in fact. They are characterised by weak capacity and negative incentives, which lead to higher occurrences of corruption and poor growth. As a result, formal institutions in many African countries are being circumvented by corrupt practices and mistrust. The poor are therefore getting their services through secondary means, instead of state institutions.

A recent study by the IMF found that out of the 53 African countries, about 37 have weak public financial management institutions, especially as regards financial control, procurement and external audits. This highlights the fact that despite the progress made, institutions are fragile and susceptible to reversal.

If one disaggregates the issue of institutional fragility further, one discovers that most post-conflict, fragile and resource-rich countries have the most fragile institutions. One also discovers that the relationship between corruption and institutional fragility is cyclical. That is to say, domestic and external shocks that affect corruption also contribute to conflict.

In return, corruption contributes and prolongs that same conflict that leads to corruption, so there is, if you will, a symbiotic type of relationship



between institutions and fragile states, resources and corruption. Fragile states often have weak institutions that are tailored to serve small, elite groups that promote rent-seeking activities and that serve the narrow interests of the few. Corruption damages institutions both directly and indirectly in fragile states and it removes incentives.

This is some of the general background information that one expects an audience like this to know. It's not surprising that some of the most fragile states in Africa – Somalia, Chad, Sudan, DRC, and so on – are also ranked among the top ten worst corrupt countries by Transparency International. I think the relationship is clear for all to see.

Conversely, countries in Africa with strong institutions, like Botswana or Mauritius, are ranked among the top ten countries in the TI Index. The link between institutions and corruption is therefore well established.

We at the African Development Bank are doing a lot to address these issues. I will save you the propaganda about what we are doing, but I will say that we are working with a governance and state-building strategy that looks at building institutions of public financial management, specifically in the economic and financial sector, focused on institutions with an auditor general, accountant general, inspector general, and national procurement boards. These are institutions based on integrity and accountability that work to prevent corruption.

We are also supporting and working towards strengthening the demand side in the fight against corruption, by working through parliamentary public accounts committees and civil society.

But let me use the remainder of my time to look ahead, at the road ahead. Based on the discussions we have heard over the past few days, it seems a few key points have emerged on achieving global transparency for a sustainable future.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

The message we can take home with us from this event, the message we seem to be promoting, is that a sustainable future must be built on trust and mutual accountability between Africa and its partners. This must be underpinned by mutual commitment to three key priorities, namely: improved leadership, strengthened institutions and enhanced capacity. Leadership, institutions and capacity. I think these are the bedrocks of the fight against corruption for a sustainable future. They are critical and central to achieving a sustainable future.

In Africa, achieving global transparency for a sustainable future demands that we act in tandem in these priority areas. Let me itemise the three very quickly.

Leadership. We are seeing progress in this area; but Africa must also become a leader, an owner of its own issues and challenges and take responsibility for them, as well as work through African-led partnership initiatives, such as the NEPAD, APRM, the Africa Partnership Forum, the Africa-Asia Partnership, and so forth. These are political forums, bilateral and multilateral forums that promote the issue of leadership in the continent.

The second key idea is that of building sustainable and transparent institutions. That brings about and manages shared economic and human growth.

I cannot emphasise the issue of institutions enough. Institutions matter, because they are the underlying bedrock, the foundation of everything that we do.

I will share with you a very short anecdote as to whether institutions or leadership matter the most. President Kaberuka was addressing a group like this, and highlighted the issue of institutions and leadership. Someone from the audience raised his hand and said "Leadership matters more than institutions". The debate went back and forth for a while, with a group of

about a hundred people. Eventually, Mr Kaberuka gently asked the group, “Well, if leadership matters more, how many of you in this group know who the leader of Switzerland is?”. I am not going to ask you to answer the question; I am merely trying to show that yes, leadership matters, but institutions matter more. I don’t think there was a single person in that audience that could name the President of Switzerland; and yet, Switzerland has one of the best institutions for democratic governance. So the message is clear: institutions matter. Leadership is important, but institutions matter more.

Thirdly, we have the issue of capacity. I think beyond political will and functioning institutions, national capacity is vital to ensure a sustainable fight against corruption.

The efforts made to build leadership, institutions and capacity must be underpinned by mutual accountability, by Africa and its partners. Mutual accountability, I believe, is the bridge that brings us together around a shared vision.

The recently concluded, high-level forum in Accra identified the three prerequisites for mutual accountability. They are: mutual confidence, mutual commitment and mutual trust, between development partners and their northern partners and OECD countries.

I think that if the fight against corruption is to be sustainable, then OECD countries have to fulfil their commitments and show a consistent form of leadership that translates commitment into practice.

Allow me to share some figures with you, figures that most of you already know: over 65% of all African countries have ratified the UNCAC, while only 45% of OECD countries have ratified the Convention. And its implementation remains slow and inconsistent.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

I know that discussions have been held on this matter during this forum, but OECD countries must show leadership in this regard. It is imperative that they do so. According to the 2008 TI Report, of the 37 states parties to the OECD Convention against Bribery, only 16 have shown significant implementation and upholding of the Convention. That is less than 50% of the states parties.

Unless there is leadership and commitment towards mutual accountability, then the fight against corruption cannot be a southern initiative led by countries in the south.

Incidentally, and I know there was a session on this, the recent example of the British government's decision to suspend investigations into the BAE system yet again was a damaging setback, and it set a dangerous precedent that could push back the collective efforts of all of us.

I think you are all well aware of this, so I am preaching to the converted. But I will add that the quest for global transparency and a sustainable future, through enhanced leadership, institutions and capacity, is a sound idea, whose time for implementation has come. As has the time for us to act together.

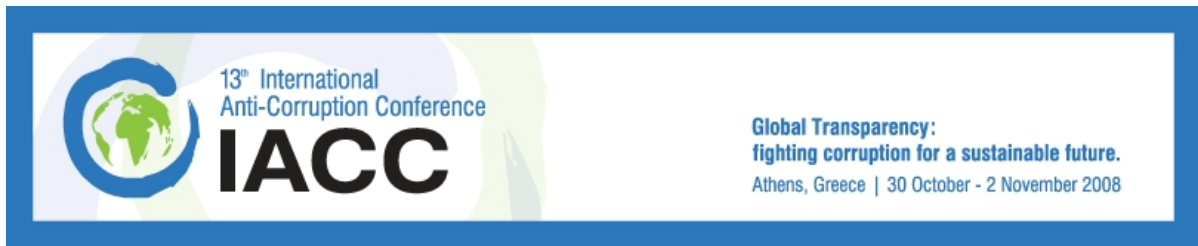
Thank you for your time and patience.

Ms CRANE (Moderator):

Thank you very much, Gabriel Negatu.

We have heard two impassioned calls for intra-regional initiatives on transparency and sustainability to move forward.

Let us now hear from Richard Samans, who is with a global initiative. He is with the World Economic Forum, its Center for Public-Private Partnerships, and is also Managing Director. He has very extensive



economic experience, having worked both in the US private financial sector, well before the current crisis, and also having served as Economic Advisor, both to the Clinton administration and to the Council on Economic Advisors, and in Congress.

Richard Samans.

Mr SAMANS:

Thank you very much, Melinda. I am quite pleased to be here this afternoon. I want to compliment and congratulate the organisers on what have been some very fruitful few days here. I particularly want to signal my appreciation to Transparency International, Huguette Labelle and Cobus de Swardt, Jermyn Brooks and Peter Eigen, the founder for playing such an important role over the years in driving this issue forward.

I'll spend my time on a couple of different aspects of this topic.

I would first like to speak about the meta-level. I know there have been a lot of discussions in the halls over the last few days about the connection between the global financial crisis and this particular issue, anti-corruption fighting efforts.

But I also want to get back to the question you posed at the start of the panel session, about how global integrity and transparency building measures and systems could fit into a new economic architecture, which is of course going to be the focus of discussions in a few weeks time in Washington, as leaders of the Group of 20 countries come together. And although I don't think they will be making any concrete decisions, I think they are going to set a process in motion to try to introduce some reforms in the financial architecture.



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

So first, some reflections on the connection between what has been happening in the past year or so in the financial markets and the anti-corruption challenges we all face, in all quarters of the world.

I think that there may be a tendency to attribute the failures in the financial world to greed, to ethical compromises and problems and what not. And surely there was an ample amount of that.

But I think it would be facile, philosophically, to lay it all at the doorstep of greed and ethical failings. I think it's a much more deeply-rooted problem.

The real culprit here, I think, is complacency; negligence on the part of policymakers, misaligned incentives, an incentive framework that has both a private-sector element as well as a public-sector element. There is an ecosystem, if you will, that consists of both formal regulations, considerations and laws on the one hand, and informal customary practices, industry practices, etc., on the other, that combine to create an environment of pure negligence with respect to financial market regulation and supervision.

I think that's the real culprit here. The blame is more diffuse than if we just identified particular people who engaged in selling financial products to people who could not afford them and could not afford to manage the risk. I really do believe that is an important lesson that we need to draw from the problem.

If you take that as a premise – and you may or may not agree with me – then it follows that the issue here, the response, should not be fundamentally on a philosophical level of saying “Well, the government's role was too small; therefore we need a much larger government role”, although clearly there needs to be a large government role in the area. The lesson is not that we have had too little state involvement and now it's time to move away from *laissez-faire*. We need to swing the pendulum from one end to the

other. It is about – and this picks up on the point that our colleague just made – understanding much better what it means for a market economy to globalise, to integrate across boundaries. What is required to ensure that the allocation of capital and other resources is done in a way that not only leads to what I call top-line growth, which is the economic growth statistics you see in countries, but also what I would consider to be bottom-line growth, is a real measure of success for an economic policy. And that real measure of success is the rate of progress in medium living standards and broad base living standards. That is the ultimate barometer for how successful a society is in the economic sphere.

If you adopt that broader perspective, the conclusion you can draw from this financial crisis is that we have basically pursued, in our policies and in our mindsets, top-line growth. We pursued de-regulation and efficiency-enhancing measures, which are the *sine qua non* of human progress. But the story does not end there. There needs to be a complementary focus on institution building, as our colleague said earlier.

The institution-enabling environment in fact becomes even more critical when you deregulate, because that institution-enabling environment sets the underlying framework for how efficient the allocation of resources is from the stand point of bottom-line growth, for how broadly society becomes involved in the benefits of the growth that is created by enhanced efficiency, created by greater trade, greater integration of markets, etc.

The world is now challenged to focus on institutional deepening problems, institution-enabling problems, both at global governance level and at national level. These cut across a range of domains that have a very strong bearing on how widely society gains from the growth, the economic growth that takes place.

This is financial, institutional deepening, and by that I mean not just banking supervision but also a whole range of regulations and customary



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

practices that determine how well capital is allocated to the real economy, as opposed to speculative or financial assets, corporate governance, accounting, auditing principals, minority shareholder rights, etc. It goes to labour, institutional deepening, that is to say not only core labour standards, laws and frameworks, but also the enforcement capacity in society to execute and implement it. Because giving workers the ability to bargain in the market place for their fair share of the pie is a fundamental aspect of how well a society does translate top-line growth, economic growth, into broad-based schemes and living standards. It goes to environmental institution building, it goes to consumer protection institution building, as the world has witnessed over the past year in particular. And it goes to a broad range in investor protections.

There is another area to be considered and that is the area that we are all working in: ethical, anti-corruption frameworks. Another area of the institution-enabling environment that needs to be developed hand in hand with the integration of markets, because if you don't do that well, as we all know, you merely increase the opportunities for resource misallocation. And that is not only criminal in the traditional sense; it is an enormous opportunity cost; it is a deadweight loss for society.

I view this issue, anti-corruption, in a much broader context. Over the past generation, the world has worked on the deregulatory aspect – deregulation is not a dirty word, it enhances efficiency, it is important for growth – but has failed to recognise that as you deregulate you need to spend even more time making sure that the institution-enabling environment in labour, environment, investor protections, customer protections, and anti-corruption frameworks is built up. That is the solution if you want to avoid a horrible misallocation of resources, which is what we have seen in the past few decades and which has now come to floor with the financial crisis.

You have all been working in the anti-corruption area for a long time and you know how much of the misallocation of resources has unfolded as a result of the failure to take to heart, at both global and national level, efforts to strengthen institutional capacity, to enforce, not only build, but also administer and enforce frameworks. In my view, that is the fundamental link between the world financial crisis that we are dealing with right now and the agenda of this particular gathering here today.

So much for the high level analysis. Let me now speak a bit more specifically on your question, Melinda, on how integrity and transparency systems can be built into a new architecture that moves forward, in more concrete terms.

From my point of view, institution-enabling environments, institution-building in this space, cannot be of an official sector, that is to say a government enterprise. This issue fundamentally requires a public and private sector or even multi-sector approach, because of the very nature of the problem we are dealing with.

If we want to develop architectural pieces and solutions for this issue, then they need to have a very strong public/private dimension.

There is a demand side, which the government community spends much of its time focusing on, but there is also a supply side, and we need to build up an institution-enabling environment in the private sector that can become a better partner to the demand side of the problem, so as to solve this problem.

That is why I am sitting here. A few years ago, the World Economic Forum, through its partnership with Transparency International and the Basel Institute, tried to see if it could help use its networks and convening capability in the private sector to build a more robust, supply-side piece of the story.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

We have done so, by means of an initiative called “The Partnering against Corruption Initiative” (PACI). It is a framework for helping companies implement whatever principals they have agreed to sign on to, whether it be voluntary principals of TI, whether it be Global Compact’s high level principals, whether it be the International Chamber of Commerce principals, and so forth. What our partnership focuses on is the implementation aspect here. To build up a protocol, a management systems protocol, if you will, that can be attached to whatever set of principals the management wants to adhere to. We have our own principals as well. But basically, we help the company institutionalise its commitment against bribery, through a few dimensions, including self-evaluation, a Transparency International methodology that has been developed and which we are applying, a benchmarking process which we have elaborated, experience sharing, providing a forum for quiet, off the record, candid conversations among corporate executives working at the front lines of this issue and sharing their stories from dealing with such problems. In a few days, we will be holding a meeting in Saint Petersburg where the executives of the firms will come together for exactly this type of experience sharing.

In terms of development, we are now working with the Big Four on a third party verification tool, framework, common practice, that can move from inside the company system to an external verification assurance system, which will be helpful to boards and possibly even shareholders and the public.

Our approach has been to try to remove the competitiveness argument from the debate by focusing on trying to get leading companies in certain industrial sectors to jump at once, to take collective action, to commit at CEO level, to not engage in bribery and to drive such an implementation policy through their companies.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

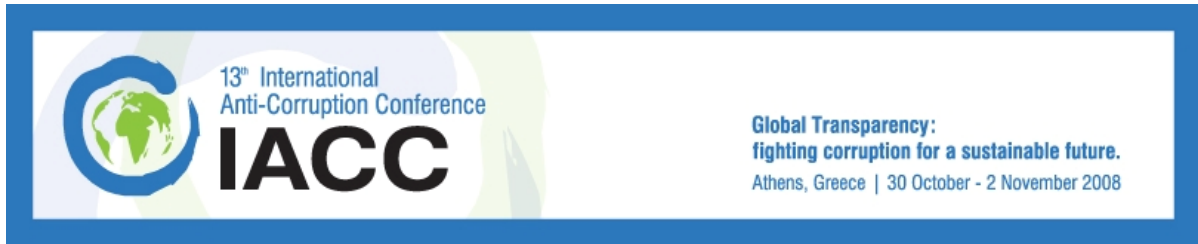
This implementation piece of institutional capacity is, in my view, in our view really, ready to be scaled more broadly and connected to the demand side of the question. This brings us back to the point about institutional deepening once more.

I will leave you with two suggestions as to how the architecture can be built with more specific and more robust pieces of public/private elements.

The first is that having built the framework with our partners, I think what is now needed is an expanded application of it. The only way that can happen is through additional institutional capacity. That can be done, in the best way possible, with public sector partners. A combination of the two can provide the staff capacity, the outreach capacity to apply these private sector frameworks in a much more robust fashion. And therefore complement all the demand-side efforts that inter-governmental processes are trying to work through. That is the first one.

Number two. We know from our work in different regions of the world that there are countries where the business community is looking to get engaged in a much deeper and more structured fashion with the official sector, and would appreciate the opportunity to take a global best practice and try to apply it in a national setting through the accumulation of a critical mass of the leading business figures in the country. That calls for an additional public-private effort to be combined with the intergovernmental processes that are going on. This is another element where the architecture could be advanced quite considerably by adding a public-private dimension to it.

Let me close by saying that I think it is important for this issue not to get lost in all the focus on wealth being destroyed around the world right now. I do think it is part of this much broader story about how we better manage the inter-dependence of the world economy, than we have over the



last few decades, by removing regulations and allowing capital and labour and technology to flow more freely.

If we work together to make sure that the response is not fixed only on financial issues, then it may prove to be a very interesting opportunity for the issue to be advanced much further.

Thank you.

Ms CRANE (Moderator):

Thank you very much, Richard Samans.

I would now like to turn to Ingrid Srinath. Ms Srinath is the Secretary General of CIVICUS, which is a global network of organisations dedicated to enforcing and enhancing citizen participation and civil society. She is also on the Board of the INGO Accountability Charter, and works with the World Economic Forum on NGO advisory issues. Ingrid.

Ms SRINATH:

Thank you.

I agree with Richard that if we are going to be talking about a sustainable future, we are going to have to use a much broader definition of corruption than its strict technical sense of criminality or fraud or the abuse of power.

To me, what the recent financial crisis actually revealed was that this kind of corruption is only the tip of a very vast, very deeply flawed iceberg. In a sense, the financial crisis split that iceberg wide open, and allowed us to see the underpinning infrastructure.

What I saw there, and what all of us saw, I hope, was best described by my countryman Mahatma Gandhi well over 70 years ago. He described a



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

world of “wealth without work, pleasure without conscience, knowledge without character, commerce without morality, science without humanity, worship without sacrifice and politics without principles”. That is what we saw when the financial crisis split the iceberg wide open.

Whether we look at the most micro level of the problem, at a child in a little African village or a little Indian village or anywhere in the world, in the South Bronx for that matter, who is deprived of her right to education, or an indigenous community that has been displaced because of a power project or a biofuel plantation, or whether we look at our global institutions of governance on the other end, the UN, the WTO, the World Bank, the IMF – pick your acronym – what we see is the same underlying issue. It is not corruption of the fraud kind alone; it is corruption of the very notions of justice, of democracy and of citizenship.

What we are facing is not just a transparency deficit. We are facing a deficit of legitimacy, a deficit of human rights in the wider sense of that word.

In each of these institutions, at each of these levels, we have tolerated, for various reasons, institutions which, whether they are economic, political, social or cultural, are not based on principles of equity, principles of justice. We are talking about the poor, or women, or marginalised communities, or, as you climb up the pyramid, poor countries, including the whole continent of Africa, who are simply not at the tables where decisions that affect their futures are made, decisions which, for them, are a matter of life and death. And because they are not at the table, they are basically on the menu.

The consequences of the global architecture, if you will, of governance, and not just of accountability or transparency, are very evident. Eight years into the Millennium Development Goals, we now have more poor people on the planet than when we started. The World Bank redefined the



definition of poverty recently, from people living with 1 dollar a day to people earning 1.25 dollars a day. So you are no longer poor if you have 1/3 of the lifestyle of a European cow.

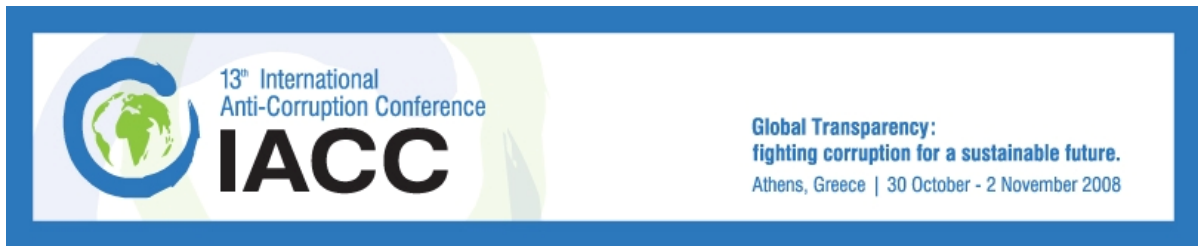
This pattern is reflected across all areas. The remedies that we hear being advocated to combat climate change, once you waded through the alphabet soup of acronyms, really seem, to me, to be as useful as trying to cure obesity by buying larger clothes.

Whether it is food or energy, water or the climate, aid or trade, debt, race or gender, education or health, livelihoods or conflict, the pattern is the same. The people who have the most to gain and the most to lose, in each of these situations, have no voice in the decisions that are being made about them.

Transparency is a word I have heard a lot over the last few days. A close second is probably the phrase 'civil society'. Whether we were talking about women's empowerment or climate justice, whether we were talking about global governance or something else, the catch-all panacea that was being presented was some sort of aware, empowered civil society that was going to make this entire system accountable.

We know this. It is self-evident. It's a no-brainer. We know that the single most effective, efficient, sustainable antidote to corruption, whether in its narrow sense or its broader sense, is an aware and empowered citizenship. There is no other effective antidote. We know that civil society, and not just NGOs but trade unions, faith-based organisations, independent media, is really key to creating that awareness and to being able to channel that voice into the corridors of power.

Yet, when it comes to investing, to making such a civil society happen, there is no commitment. Whether it is global institutions, the private sector, states, markets or even civil society itself, we are reluctant to make



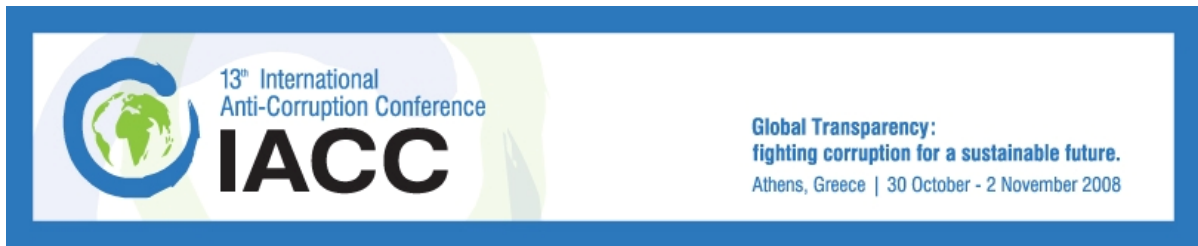
the investment needed in human resources, in time and in money, and in skill building that will allow for a vibrant, diverse and independent civil society.

Not only are we not proactively investing in civil society, but civil society is indeed, in many ways, under threat. CIVICUS runs a program called “Civil Society Watch”, and in the last year alone we identified 87 countries that passed legislation on new policies that actively constrained the freedom of civil society. Eighty-seven countries. That’s 45% of the membership of the UN. We are not talking about some rogue dictatorship here or some authoritarian regime there. We are talking about half the countries that are members of the UN.

The war on terror in particular, the so-called war on terror, has been used as an excuse for much of this legislative change. I fear that the current crisis will yet again be used to marginalise the voices of the people who matter the most, by using either urgency or technical complexity, or some other ploy as a justification.

But somewhere in its severity, in its global nature, this crisis may very well provide us with a huge opportunity, our biggest opportunity yet, to achieve fundamental structural change. Not just new regulatory bodies, not just better vigilance, not just better reporting or transparency, but structural change that allows ordinary people everywhere to have a say in the decisions that matter, that affect their future.

Thanks to this crisis, ordinary people, whether they live in the American Midwest or on a Pacific island somewhere or in a small village in Africa, Latin America or Asia, will finally “get it”. They will “get” what our corporate leadership and our political leadership and our institutional leadership seems to be in denial about, and that is that the system is fundamentally broken. And that there is no band-aid solution for the problem.



They will “get” the fact that we cannot trust market mechanisms, or people elected by the power of money, or media controlled by the powerful, by the elite, to make decisions that are in the interests of many.

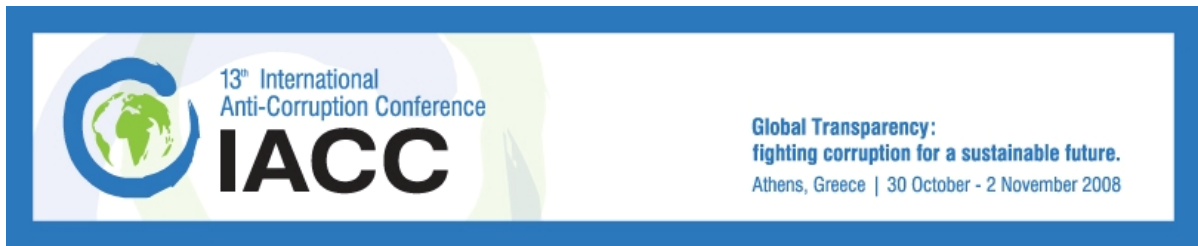
It is at this crossroad that we will realise, if of course we are going to take the matter seriously, that only one road does not lead to a tipping point of planetary proportions. That road requires us to first admit that the system is broken; it requires us to admit that quick fixes are not a solution; it requires us to admit that what we have is a systemic failure of democratic governance.

Once we have admitted that, we need to start to put our heads together across sectors, across nations, across regions and across thematic areas, to redefine the paradigms of governance. We need to reject a paradigm that is based entirely on economic and military power, in our new role as arbiters of access and decision-making rights.

We need to build a paradigm, starting with the UN, that is based on the values of justice, equity and human rights, where we use our collective power not just as voters, but as shareholders, as shoppers, as employees, as entrepreneurs, to actually create institutions at every level, from the family to the community to the organisation to national government, and finally to global governance, ensuring that they are the true embodiment of democratic values and human rights.

We need to invest in civil society in particular, because civil society is the vaccine that immunises us, if you will, against these kinds of global meltdowns that threaten our survival. Not just our economic survival, but our survival as a species too.

I would like, if I may, to go a little further and say that change starts with me, and with you, and you, and you. Until we admit to ourselves our own failings, and until we admit to ourselves that we somehow are complicit



in the failure of the system, either through apathy or through scepticism or through active collusion, we can't possibly make a difference.

Thank you.

Ms CRANE (Moderator):

Thank you very much, Ingrid.

And now lastly, we have the Managing Director of Transparency International, Cobus de Swardt, who has been an anti-apartheid campaigner in South Africa, who has worked for research institutes, trade unions, multinational corporations and a variety of universities around the world, and who has extensive experience on pretty much all the issues we are talking about here today.

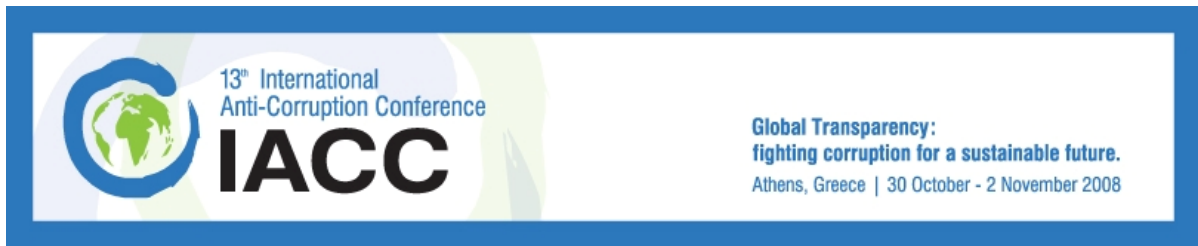
Mr DE SWARDT:

Thank you very much, Melinda.

The current financial crisis is indeed cause for serious concern. At the beginning of the twenty-first century, the near silence of political and business leaders on the devastating economic and humanitarian impact of the crisis on the poor and most marginalised around the world is a shocking reminder of the acute vulnerability of the poor, as well as the urgent need for a strong civil society voice, at every table that matters.

As we set out to build and rebuild the world's financial system, transparency, integrity and public accountability need to finally become the back bone of vital reforms. This crisis is a result of the enormous mismanagement of funds entrusted by the public to financial institutions.

In addition, the renewed failure of unilateralism to promote even, national interests has underlined an urgent need in this century for



substantial, strengthened international cooperation and instruments of global governance.

Four days ago, Transparency International's Annual Members Meeting called upon the forthcoming G20 Summit, to be held in Washington, to increase aid with a focus on those in greatest need and with the necessary accountability mechanisms. Will they hear our call?

This conference set a landmark as civil society rallied against the vulnerability of the most abused. Historically speaking, corruption has greased the wheels of exploitation and injustice since time immemorial. The great human tragedies of recent history, genocide and institutionalised racism, have likewise been welded to abusive political systems that twist public trust for private gain.

The fight against corruption is central to the struggle for human rights and social justice. It is the fact that the poor and marginalised are most affected by corruption that should give us pause.

In concrete terms, it means that those who have less influence have to face demands, bribes, in the most vulnerable situations, during contact with law enforcement officials, health care providers and representatives of the education system. This is a direct contravention of the Declaration of Human Rights' principle of non-discrimination. It is our right and our social responsibility to call every official, every employer and every employee that feels corruption or turns a blind eye to account.

During the conference, some speakers questioned a lack of outrage by civil society, given the terrible, human cost of corruption. I also heard the old debates on the relative importance of North versus South, demand side versus supply side, on the discrepancy in legal and moral sanctions against bribe-givers and bribe-takers.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

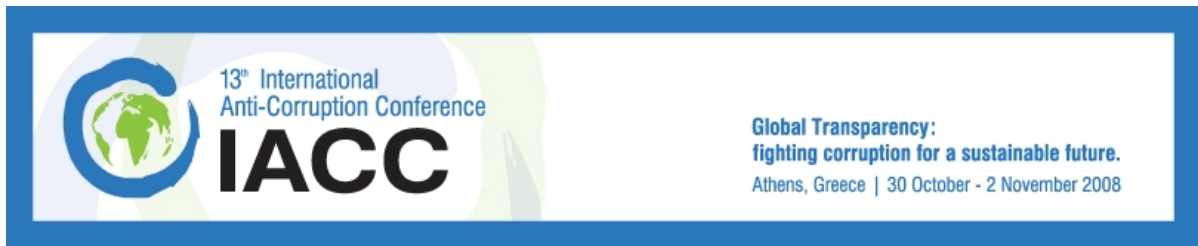
I then thought, during a Thursday morning session, about the following hypothetical situation: if you had the choice to, at a push of a button, stop either all international or all national corruption, which button would you press? I would push the international one. Whoever, from wherever, that participates in this scourge is a criminal, who through a single act deprives hundreds, even thousands, of people of their livelihoods and their lives.

When people and institutions act with this kind of devastating impact in other areas, we call them perpetrators of crimes against humanity. In corrupt transactions, this is referred to as “white-collar crime”. Our moral outrage and legal sanctions on all of the corrupt, in the North and the South, on demand side and supply side, against bribe-givers and bribe-takers whose actions continue to trap millions in poverty and exacerbate the resource curse and threaten the sustainability of natural resources, must match the crimes they commit.

Twenty-five years after the first IACC, fifteen after the birth of TI, we have now, particularly in the last decade, made substantial progress in the fight against corruption. However, our victories are not yet sufficiently decisive to ensure irreversible change or the continued presence of our issue on the World Social Agenda.

In contrast to other global social issues such as climate change, we are not yet beyond the tipping point of no return. Our gains remain fragile and could be reversed. We still need to solidify corruption as one of the major global social issues of our time until substantially dealt with.

We, in the anti-corruption community, from all walks of life, must now escalate the fight against corruption, to leave no level of government, of private and NGO sectors untouched. In addition to this mammoth task of taking our issue to scale, we are today challenged to provide solutions that are technically state-of-the-art, politically feasible, and socially connected to



the broader population. This conference has substantially pushed the envelope in all three of these areas.

Finally, corruption is inherently a most unsustainable business strategy. Ask some of the companies that are now dealing with the downfall of corrupt practices overseas.

It is our task to turn the inevitable into reality quickly. Never before have we been in a better position to do so. Today, we understand the devastating consequences of corruption. We know the powerful and instantaneous results generated by transparent and accountable institutions and systems. Moreover, we have the technology and means to reduce financial and international corruption dramatically and rapidly.

The desired outcome is now in sight, depending not on the political will of others, but, I believe, depending on our own will and efforts. Do we have the guts to push both buttons simultaneously?

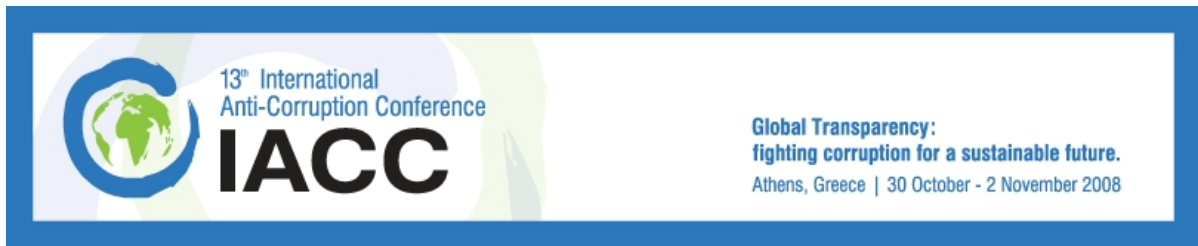
Thank you very much.

Ms CRANE (Moderator):

Thank you very much, Cobus. It sounds to me like there was a plea in there for the global international economic architecture to include an international criminal tribunal for economic mismanagement.

We'll be taking questions from the audience shortly, so, members of the audience, please start thinking about what you would like to ask. But before we do that, I have a few questions of my own I would like to put to the panel. As we are running out of time, I ask that the panellists keep their answers as short as possible.

Your Highness, I'd like to start with you. You spoke to the UN General Assembly on the occasion of its sixtieth anniversary, and you described a



crisis much like the one that has come to pass. And you said that if we weren't careful, it would provoke a return to protectionism, to a reverse, a backlash, in economic liberalisation. How can we make sure that doesn't happen?

In other forums, you have recently called for a global economic coordination conference. Today you spoke to us mostly about intra-regional initiatives. But what would such a global conference need to look like? And do you think the upcoming summit we are going to see in Washington will do the job? It is a G20 now, not a G8.

PRINCE BIN TALAL:

Thank you for the three-part question.

First of all, it took the Chernobyl disaster to awaken the world to the responsibilities of basic security, to the weapons of mass destruction sector.

I want you to know that we are a member of the Nuclear Threat Initiative, and that we manage a Hazmat, a Hazardous Materials Program. And yet, the second largest export of Iraq to my country is uranium-depleted metal. Children are developing cancer because they are eating out of cooking pots made of uranium-depleted metal.

In terms of current security, the President of the United States is in the eighth year of his presidency, and still stands before the United Nations to say that the most important challenge facing the international community is the war on terror.

I would like to know what the definition of terror is. In so-called fragile states, 54% of people live under the internationally defined poverty line, as opposed to the 22% that live in less fragile states.



13th International
Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**

Athens, Greece | 30 October - 2 November 2008

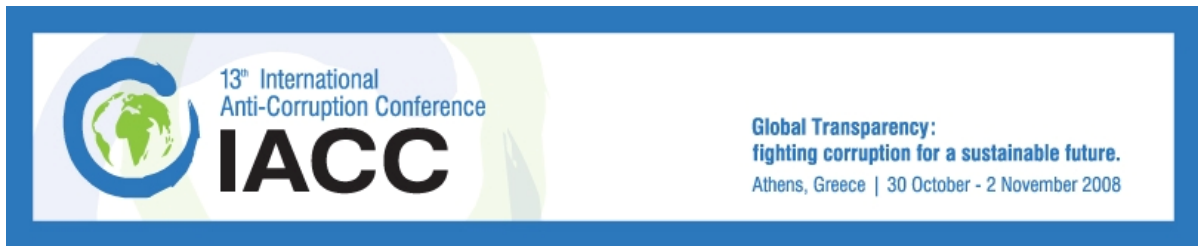
I would like to emphasise the hypocrisy in all this, by referring to the last edition of *Foreign Policy*, according to which, out of the developed countries of the world, Israel is second only to the United States in terms of income inequality, and that it is also “on the fence” on the failed states index for 2008. Why on the fence? Because of the gap between the rich and the poor.

The United States will never be “on the fence”. The United States will always be a country with immense resources, and let us not fool ourselves, despite the current crisis, the United States still exercises immense power in the world. It is hosting a conference in December; but what is important to me is the conference that presumably will be hosted by the next incumbent of the post in the White House, that is, assuming we don't have a conflict in the Middle East or some major security digression between then and now.

Hopefully, that conference will start a process which we have described as being for the common good of all. I can only hope that by 2010, we can have each region fill in a series of questionnaires on standards. Each family of man has its own mantra on values, ethics and morals. I respect that mantra as being particular to each family of man, whether they believe or not.

But when you come to the table, what is important is your position on the sanctity of human life, not only on the sanctity of human death, but the sanctity of human life. We've heard a lot about terrorism and suicide bombings. But what about the quality of life?

What I feel is important is that we look at the recent publication of a group of UN experts who referred to interest-based, rights-based, and power-based multilateral approaches. The only successful conference we can hold is a rights-based conference that includes transparency, provided we realise that crises, as we said in the 1980s, are predictable. They don't



have to be self-fulfilling prophecies. And this is exactly what Paul Volcker was saying.

I was landing in Thailand just as that “storm” hit Myanmar. The American Admiral was talking to the Burmese General. But the minute the media – and aren’t they also responsible for the degree of transparency they do not exhibit – got hold of the story, it was American forces landing on the beaches of Myanmar, and not American provisions being landed by the American Navy.

So millions of people have died or have suffered as a result of what I can only call face-saving. Let me remind you of the words of Ogden Nash: “the gentle art of saving face may yet destroy the human race”.

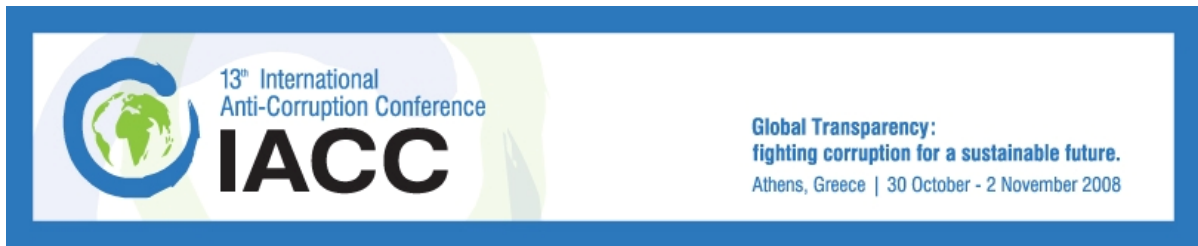
Ms CRANE (Moderator):

Thank you.

Gabriel Negatu and Richard Samans, perhaps I could ask you to speak to us a little bit more on the subject of institutions.

Mr Negatu, you emphasised the importance of institutions at the global governance level that Richard Samans talked about.

What kind of institution could we feasibly put into place or which existing institution – the IMF, for example – could we reform to help strengthen institutions at regional and national level in Africa and simultaneously be in a position to call to account a government like the United States, when there is an apparent abuse of trust? I am referring, in part, to the discussion surrounding Alan Greenspan and his failure to regulate certain instruments. Is there really any conceivable institution that could be robust enough to do both of those tasks? Mr Negatu, let’s start with you.



Mr NEGATU:

Thank you, Melinda.

I don't think it's really about what you are going to replace the IMF with, for example, or if a new global institution is required.

I think there are enough institutions around today. The issue is a matter of mandate and capacity. What is the mandate of these institutions? The IMF has a policing function but very little power when it comes to building local or national institutions.

At the end of the day, it is a global crisis, but its impact is felt locally; there is no such thing as global impact. The lowest common denominator will be local impact, and very little effort is made to build institutions at local level.

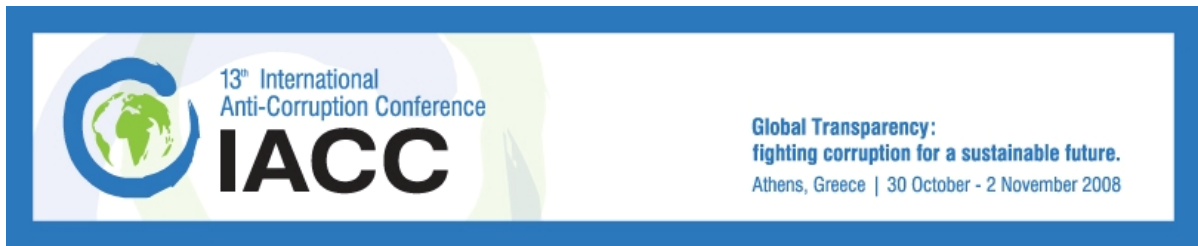
We believe that institutions are important but they have to be home-grown institutions, built in tandem with international global standards and so on. Banking supervision and other such institutions have to be home-grown. The role of an institutional body like the IMF is to set global standards and basic standards. But at the end of the day, those standards have to be implemented at local level.

So mandate and capacity – these are the two criteria that we require, regardless of which institution – IMF or other – governs our choice of institutions.

Mr SAMANS:

You have raised a big question and there is not a lot of time left to answer. Let me try to answer as best I can with the time I do have.

How do we activate this institution building notion? Two things need to be done: one, we need to have a strategic view. What I described earlier, in



my presentation, does not exist yet at this level. We have yet to draw the lessons, let alone assimilate their meaning in terms of managing integration. That's one level.

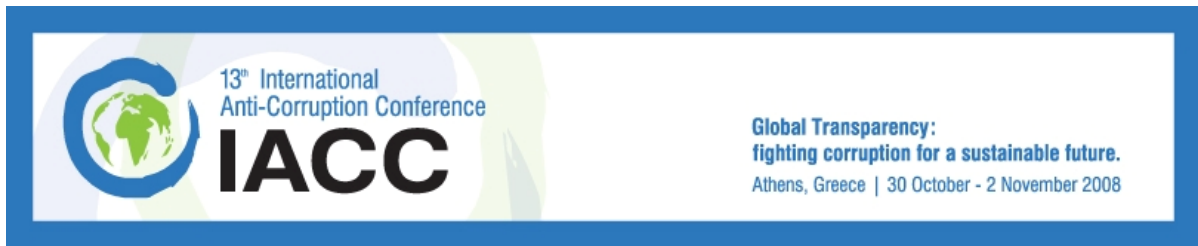
The second level is that we have some instruments that are essentially unutilised, mainly because of their significant low performance in delivering institution building across a range of different issues.

The ILO has formulated an international consensus around what it calls decent work. It has four different components. There is a political consensus behind decent work, which includes administration of core labour standards, build-up in formal employment, and a deepening of social safety nets in countries, and all these are key to expanding the progress made in medium living standards, which I spoke about earlier, to complement deregulation and trade localisation.

But no priority has been attached to this, let alone the capacities put in place in the ILO to help countries build up labour ministries that are effective in administering and enforcing their laws.

So let me give you a quick run-down of what needs to be done. One is to strengthen the ILO in the areas of monitoring and capacity building for countries that want to build effective labour ministries.

Two, is to focus on environment, consumer, investor and anticorruption institutional capacity. That's where the development assistance community, the MDBs (Multilateral Development Banks), and the Development Assistance Committee, as well as the bilateral Foreign Ministries grouped together in the OECD-DAC come into play: they have to change their priorities. They have to realise that most of the world's poor now live in middle income countries. And the issue there is not just to alleviate basic human needs; it is to expand economic activity. How do you do that? By this process of institution building across all the following areas:



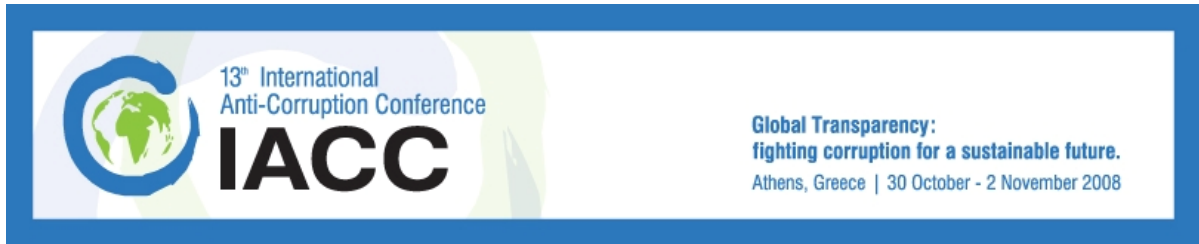
labour, small investor protection, environment, consumer protection, anti-corruption, which help enlarge the formal economy.

Therefore, the aid community as a whole, and especially bilateral ministries and MDBs need to realign their priorities strategically and put resources behind this agenda, not to the exclusion of low income country, MDG-related needs, but as complementary tools.

Three is the IMF. I won't go into too much detail, but I would like to add that Michel Camdessus, former Managing Director of the IMF, has issued what I consider to be a very appropriate road map for institutional deepening at global level and for improving the way the international monetary system works so that we don't have this perverse situation where we see developing countries, poor countries, building up enormous pots of reserves that are basically a very unproductive way of using a countries' activities, because they follow on back to treasury bills and treasury securities when they could be funnelled through infrastructure and other development projects in those very countries. So some pieces of the architecture are already in place; they are merely lacking in the right type of strategic focus in driving force.

I also want to add that part of the reason why we don't have an overarching, strategic instinct to create a complementary, institution building agenda that goes side by side with an integration agenda, is that there really is no place in the international system where all this has in fact been integrated.

Every single area of international economic policy and multilateral economic institutions is governed by its own group of Ministers; Trade Ministers are the bosses of the WTO; Finance Ministers essentially of the IMF; Labour Ministers of the ILO, and so forth. There is no one body, there is no Board of Directors if you will, for the entire international economic architecture. That has resulted in a huge gap, and so we need to combine



the strategic lesson of what now needs to be done with global economic integration and create a body, within the system, to oversee the entire international economic architecture. A Board of Trustees or a Board of Directors.

It may very well be that such a body could be built within the G20 – and this is what I find hopeful about the Group of 20 Leaders meeting.

Ms CRANE (Moderator):

Thank you. I could go on, but I won't as we are running out of time.

We have time for a few, very brief questions from the audience. Please state your name and where you are from.

MEMBER OF THE AUDIENCE:

I will be very brief. I am from Iran. I don't have a question. I just wanted to say that I enjoyed the remarks made by His Highness, the Prince of Jordan, very much. In fact, I enjoyed them so much that I don't really want them to be overshadowed by a small but significant mistake. And that is: there is no other name for the Persian Gulf. It has always been and will always be known as the Persian Gulf.

Thank you.

MEMBER OF THE AUDIENCE:

I am from Lebanon, where I am President of the Judicial Inspectorate.

In order to reinforce transparency throughout the world, for the future of our children and of our nations, I would like to put forth a proposal, which could also be viewed as one of the conclusions of this conference. My proposal is that ethics be taught to children in schools, so as to prepare them for the fight against corruption, for a better future.



Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

My question is to His Highness, Prince bin Talal, regarding transparency and the fight against corruption is if there is an effective policy in place for the fight against climate change?

Thank you.

PRINCE BIN TALAL:

If, due to climate change, the water level rises by 0.5% over the next few years, most Mediterranean ports will be affected. Billions of dollars will be needed to recover the Delta, Alexandria, perhaps even Beirut. It is this mathematical calculation that, unfortunately, has not been included in our vision for greater transparency. We don't want to reach that point.

The ten countries of the Nile Basin have been asked to create a supra-national organisation to manage the Nile Basin. Because in 2050, we won't need just one Nile, we will need 5,000 Niles. Therein lies the problem.

As for the Persian Gulf, I myself learnt it as the Persian Gulf at school. But, today, it is the Arabs themselves, the Arabs living along the Gulf, who prefer the term Arabian Gulf.

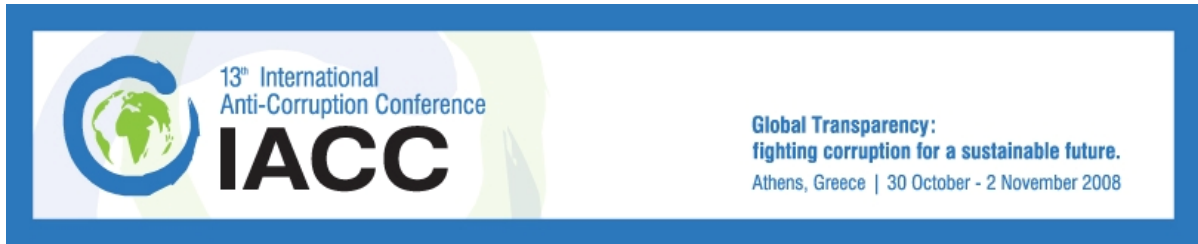
I am not from the Persian Gulf, nor am I from the Arabian Gulf. I respect history; I respect the science of chronology... and I hope it will not become the Nuclear Gulf for all.

Ms CRANE (Moderator):

We have a hand up in the fourth row.

MEMBER OF THE AUDIENCE

Thank you. My name is Bchir Tekkari and I am the Tunisian Minister of Justice and Human Rights. I would like to thank all the members of the panel



for their presentations. I would like to comment on the proposal of His Royal Highness of Jordan, Prince bin Talal.

I am in complete agreement with the proposal put forth by His Highness, that is to retain a portion from petrol sales so as to finance the fight against poverty throughout the world. This proposal should be championed by all; indeed, President Ben Ali of Tunisia, on occasion of the FAO International Conference held in Rome in June of this year on the matter of food safety in the world, proposed that \$1 – just one dollar – be retained from the sale of each barrel of petrol, and that that dollar be used to finance the World Solidarity Fund created by the United Nations General Assembly.

I am pleased to see that this idea is finding its own course, because, in this way, we are fighting against poverty, we are fighting against terrorism, we are fighting against corruption and we are guaranteeing greater security throughout the world.

Thank you.

Ms CRANE (Moderator):

I would like Ingrid Srinath to comment on that, and then I am afraid we will have to wind up, because we are running out of time and we do have a very important last speech to hear.

Ms SRINATH:

There are a number of proposals about how to generate the finances necessary to put these institutions in place. There is the Tobin tax, for example, that proposes the taxation of all currency transactions, which would generate huge sums of money and might also have the effect of slowing down some of the “over heatedness” we have experienced recently.

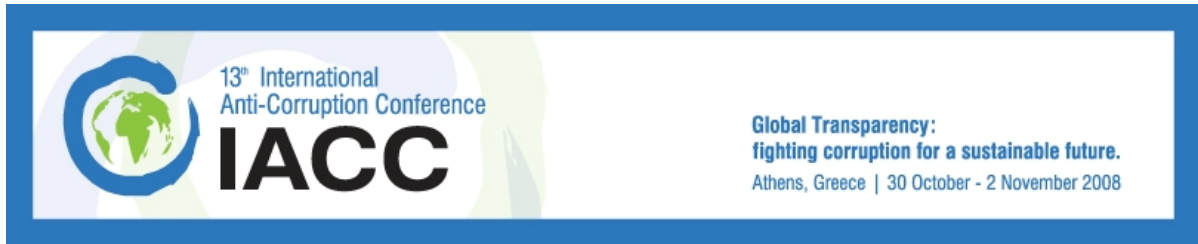
In my mind, one of the many lessons we can take away with us from this financial crisis is that it's not a lack of resources preventing these things. We euphemistically refer to this lack as political will.

If political will requires politicians to step outside of their narrow, personal interests and behave like states people, perhaps that's an unreasonable expectation to have of politicians, or the average politician, anyway.

So maybe what we need to focus our energy on is really not about making political will happen, but making it happen in their political interest. Transforming political will into political interest is fundamentally linked to the number of votes.

So regardless of the proposition, if you can mobilise your community, get your community to say "This is what we need from you"; if you can educate, empower local communities to demand it, then you are going to get it, because then you are not counting on states persons, but rather on political interest.

I would like to add that while numerous suggestions are being made – every editorial now has a new suggestion for a new council and a new three-letter acronym, a new fund – I want to go back to where I started. And that is that I don't think we need new institutions. I think we have enough institutions. But what they are not is democratic and legitimate. What we need to do is make these institutions democratic and legitimate. So that rather than 60 of the poorest countries in the world having 0.9% of the vote in the IMF, and therefore having to go cap-in-hand to one party that controls 18% of the vote and therefore has a unilateral veto on every decision that is made in that institution, things change for the better. That is where we ought to be focusing our energies, on reforming the governance structure of the UN, of the IMF and of the World Bank. We already have all the institutions



that we need. What we need is for the institutions to work in the best interests of the people they are meant to serve.

Ms CRANE (Moderator):

Thank you, Ingrid.

PRINCE BIN TALAL:

I hate to disagree with a lady born in Calcutta, the same town as my wife.

Ms SRINATH:

You know they are going to gang up against you.

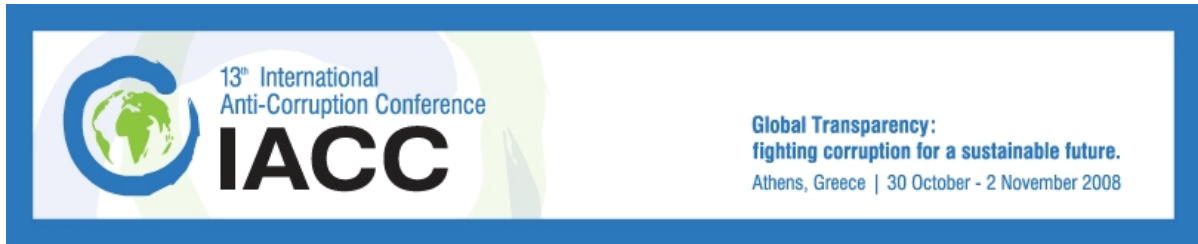
PRINCE BIN TALAL:

But I would like to say, as a Muslim, that the problem does not lie in the world's institutions; the problem lies with us. We don't need enemies. We are our own worst enemies. I am referring to *zakat*. I would like to remind the Muslims present here today that over 200 Muslims, we are told, were killed in 9/11. And *zakat* was stopped.

The time has come to create a transparent *zakat* institution, by Muslims, for Muslims, which focuses on the empowerment of the poor, regardless of whether they are Muslim or non-Muslim.

It takes Gordon Brown to come to Jeddah for a plea to be made to use surplus oil funds to empower the poor. And you are all well aware of the controversy surrounding sovereign wealth funds,

For pity's sake, for humanity's sake, stop talking about the downturn in the Gulf which will affect neighbouring economies because of the downturn in investments in high-rise buildings, and start talking about the realignment of investment with reality. Reality is the 10-14 year-olds today



who are the suicide bombers of tomorrow. We need to see to the problem. The people from extremist organisations extending funds to them today do not demand collateral in exchange; they demand and **get** the lives of these young people.

For the sake of the future generations, for the sake of human dignity, let us start putting our actions, our virtuous actions, where our words are.

Thank you.

Ms CRANE (Moderator):

With those very eloquent words from His Highness, we will end this plenary discussion.

Thank you very much to all of the panel members for such very interesting speeches. Thank you to the audience for participating in this panel discussion. I am sorry we couldn't hear any more of your contributions.

It was a great pleasure to be here today. Thank you to the interpreters for their very hard work. Thank you to the rapporteur, Krina Despota, who will be writing about all that has transpired here today. We look forward to reading it.

Goodbye.

Opening Moderator:

Thank you, Melinda. Could the members of the panel please step down from the stage and take their seats in the front row? Thank you.

Ladies and gentlemen, please remain seated as we are about to hear the Declaration of the Conference.