



CENTER FOR GLOBAL DEVELOPMENT

Presents

**The Second Annual Richard H. Sabot Memorial
Lecture**

***Corruption: Myths and Realities in a Developing
Country Context***

by

Ngozi Okonjo-Iweala

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C. Fred Bergsten Conference Center
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[TRANSCRIPT PREPARED FROM AUDIO RECORDING]

Ed Scott: Good evening, ladies and gentlemen. I guess we all have a seat here. My name is Ed Scott. I'm the Chairman of the Board of the Center for Global Development. I've been sort of kicking around with this outfit from the beginning – from the day Jim Wolfensohn stood up here and said – when we first inaugurated the Center and said something to the effect of he congratulated Nancy and I and was certain that we'd be getting a lot of advice over the years. He was right. I don't know how much of it we took. I don't know how much of it we should have taken, but we'll keep doing it.

In any event, it's a great pleasure to see so many of you here for the second annual Dick Sabot Memorial Lecture. Last year the lecture was given by Larry Summers and this year we have another distinguished presenter in Ngozi Okonjo-Iweala who'll be introduced more completely by Nancy in a few minutes. I do want to say that we're very pleased to have Judith Sabot, Dick's wife, and his son Oliver here. Oliver and I have sort of kicked around in a number of institutions together and now Oliver's spending quite a bit of his time in Africa following in his father's footsteps doing good for the world. And that's the kind of thing that I know your dad would be looking down and have a real smile on his face. So I – it's the way every father would want to feel about his son, so good for you Oliver.

The Center was very engaged with Nigeria in a number of initiatives and Nancy will talk a little bit about that, but most directly with respect to the blockbuster debt relief program which the Center was able to assist Nigeria to achieve. And kind of set the stage for some of the kinds of considerations people ought to give, and I'm sure – and Ngozi will speak about that in her presentation. But I thank you all for coming tonight.

The Center's now moving into its sixth year of operation. We feel that we've very much become part of the dialogue with respect to where the rich countries of the world should go in terms of their responsibilities for assisting those not so fortunate. And we never tire of directing our energies toward those issues and trying to find more effective ways for the rich countries to discharge those obligations.

And as I say every time I get before a crowd like this, it's not about the papers you write or the policies you develop or the – or the books you publish, it's about what happens to the people in the countries that you're trying to assist. It's about how many people don't wake up infected by malaria. It's about people. It's about girls who get a chance to go to primary school. It's about sustained economic growth. It's about opportunities for entrepreneurship. It's about a fair shake from the rich countries. It's about all those issues, and that's how we try to judge ourselves, and that's how we'll continue to try and judge ourselves.

So thank you very much for coming today. It's my great pleasure now to introduce Oliver who'll share a few remarks about his dad and then he will introduce Nancy. Thank you very much.

Oliver Sabot: Thanks, Ed. So as – as Ed said, and like many of you here, I spend a lot of my time these days running around the world in search of this – this Holy Grail that we call

global development. And I think probably like many of you as well, I have not infrequent moments where I – I stop and – and pause and say, “What am I doing?” I think there is understandable doubt and frustration and a sense of creeping failure that comes in when you – when you work in this field and you see so much effort and – and often don’t see the returns that you’re hoping for. And my father had those moments like all of us do, but for him they were fleeting and they were for two reasons, and because of two things that drove his – his work and his life and that’s gratitude and optimism.

And in his – on his desk in his study at our house in Williamstown there was a small piece of paper that stood out among the various pictures and books and things that normally decorate one’s office. And it was just a simple piece of paper that said, “Gratitude.” And he – he was a child of an immigrant – a child of immigrants, and I don’t think he ever ceased to be amazed by the fortune that life had given him, and that – the sense of that fortune never, never left him. He never took it for granted and he never felt guilty about it. What drove him to work in this field, what drove him to give back both in his community, to his friends and eventually to the global community was not guilt but rather gratitude. The sense that he had been given a lot and that therefore he should give much back.

In addition it was optimism. It was something that – that Nancy Birdsall once called radical optimism which I think is quite fitting. And it – it drove him to push through the frustration and the failure and all of the things that can bog you down when you’re working in this field. And to mean eternally confident that if we do the right thing, if we do it in the right way, if we’re hard nosed and hard headed about the way we should approach these problems that we can put girls in school, we can eradicate diseases, we can – as I hope Dr. Ngozi will tell us – control corruption, and we can drive back poverty around the world. And he never ceased to believe that that was possible.

And it was what drove him in his engagement with the Center for Global Development as well. And when Ed and Nancy and Fred asked him to help start up the Center I think from – from the get-go he believed that this was an institution that could have a major impact; that as Ed said it would not be another – another think tank producing endless reams of reports and books but that would have a meaningful impact on people’s lives. And I know that he was immensely pleased and not at all surprised at the – the amazing success the Center had had by the time of his death and I know he would be even more immensely pleased by the success it has had since then. And one of the reasons why I think he wasn’t in the slightest bit surprised by the success of the Center was because of its leadership and the leadership of Nancy, who he worked with for – for many years and thought the world of.

And with – with Nancy at the helm and with all the amazing staff here at CGD there really – it’s hard to overstate the – the impact that we see every day in all sorts of different areas of global development that the Center is having, and really the force that it has become not only in Washington but around the world. So with that let me – let me turn it over to Nancy.

Nancy Birdsall: Thank you very much, Oliver. It’s really a great pleasure to see this fine development crowd here to listen to Ngozi. I think that you’ve heard more than I could say about Dick in the presence of his son. He was a proud father. It’s a great picture over there. So

I will not try to say any more, but I do want to take this opportunity to mention that Dick's energy and enthusiasm were so great that it is Bruns Grayson and Ed Scott and the other members of the executive committee, as well as Dick's family and friends, who helped make possible this lecture series and I do want to thank all of them who are here with us today, very specially.

Let me now move to what is really a great honor and pleasure for me, and that is to introduce our distinguished speaker tonight, Dr. Ngozi Okonjo-Iweala. I was trying to think of when I met Ngozi and I cannot remember. There was just a moment sometime in the 90s when I knew there was this incredibly impressive woman – maybe it was in the late 80s even when I was still myself at the World Bank – who was circulating around in the World Bank doing amazing things. I think we may have met – Ngozi won't remember – on – in the shuttle lounge of – at Dulles Airport. Not met first time, but met knowing each other already, and I remember just a very engaging conversation with Ngozi at that time.

Well, since I first realized that I knew Ngozi, she's gone on to really make a contribution that is – it's hard to measure. All of you know that she's now – or you may know she's now a distinguished visiting fellow at Brookings Institution following at least three years – or perhaps four – as Minister of Finance and then Minister of Foreign Affairs in Nigeria. You probably know, if you're here, that she took tremendous leadership in bringing along economic reforms in Nigeria, in doing the negotiations and the corralling of the donors that was required for the reduction of Nigeria's debt – official debt.

I'm going to read very rapidly something about Ngozi's 21-year career as a development economist. At the World Bank, she held the post of Vice President and Corporate Secretary. At the end, she had two tours of duty in the East Asia region; the last as Country Director of Malaysia, Mongolia, Laos, and Cambodia during the East Asian crisis. Two duty tours in the Middle East region, culminating in being Deputy Vice President of that region. She served as Director of Institutional Change and Strategy – we don't know what that is; that sounds rough – from 1995 to 1997, and assisted with the implementation then of the Bank's reform agenda. That was that reform agenda. There will no doubt be another reform agenda soon, and from 1989 to 1991 she was Special Assistant to the Senior Vice President of Operations.

You understand. You get the picture that Ngozi knows the world, as well as knowing her own country. She's a distinguished economist and author, as well as a brilliant politician. It is with great pleasure that we – I have this moment of introducing Ngozi.

Ngozi Okonjo-Iweala: Thank you, Nancy. It's a distinct honor to be here, but I have to start with some disclaimers. I don't think I'm a brilliant politician. I think I would have done better at home in some senses if I were brilliant, and a disclaimer also to say that it's wonderful to hear yourself being introduced, but I always pinch myself each time. Am I really all these things? And to say that I worked with a fantastic team in Nigeria and I'm given far too much credit for many things. The team really – there were 12 of us that worked really hard with the support of the president at the beginning. So thank you for that.

And with that, let me say that I'm particularly touched to be here today for a special reason that Ed Scott mentioned. Even though I'm at Brookings and Nancy and I had quite a bit of debate over this, CGD is special to me because when we were working on the debt relief, they played a very special role, and Nancy and Todd Moss, and all the other good people at CGD were so helpful in terms of coming up with ideas, and I think that's what this kind of center should do. And the innovative buy-back mechanism we did with the debt was really an idea that came out from hearing conversation when I was feeling very frustrated, and they ended up playing a very important role. So thank you. For that, CGD's special to me.

I am also very honored and pleased to have this opportunity to deliver the second Richard Sabot Memorial Lecture. Given what I've just heard about Dick Sabot and his interests in looking at the role of government policy and markets and contributing to development, and the two – the wonderful thing that was said by son, Oliver – gratitude and optimism – in the way he viewed the world, I feel more honored. I think without those two qualities of gratitude to my country and, you know, just gratitude at having all that I was given in life and trying to give back to Nigeria, and optimism in working in an extremely difficult environment – a difficult, but exciting environment – I wouldn't have been able to make it through the three years I was Finance Minister. So I just want to say that those qualities are especially dear to me and makes it even more special that I'm giving this lecture today.

Now last year Larry Summers gave the lecture on harnessing the development potential of emerging market reserves. A very important topic for public policy, and today I have the pleasure of being ***** by Nancy into giving a talk on corruption. Now when she approached me, I wanted to talk about China and Africa and Nancy forbid me from doing that and said I must talk about corruption, and I said look, everybody knows about corruption. What else is there to say? And she said you have to talk about it. So here goes. I prepared a 40-minute lecture and now I'm told I'm to talk for 25. So you have to stop me if I go on too long.

What I want to do today is take an – a deeper look at the issue of corruption, particularly from the personal experience that I had dealing with it in my country. To talk a bit about, you know, how we focus in on the most important aspects of corruption, what solutions can one proffer in countries with very weak institutions on this issue of corruption, and what are the faces of corruption, and what are we overlooking. Those are some of the areas I think would be of interest in this talk. And I'll – I'll depart from my texts now and then with little anecdotes about how I dealt with some of the issues that came up and how they came up.

But, you know, it's – looking at how people have talked about corruption, I look at the World Bank Governance and Anti-Corruption Action Plan – the UNDP – and paraphrase them somewhat to say that this corruption is seen as a symptom of something gone wrong. Gone wrong in the state and in the management of the state. Where institutions designed to govern the relationships between citizens and the state are used instead for the personal enrichment of public – and I would add private individuals and officials – with them garnering the benefits of corruption. So this is what we are talking about. Something that is an outcome of poor governance.

So viewed in its broadest sense, corruption is simply the misuse of public office or public assets for private gains. And it's manifested, as we all know, in such forms as theft, fraud, bribery, extortion, request for kickbacks, nepotism, patronage, and so on. And people often make a distinction between grand corruption and petty corruption where petty corruption, junior civil servants, and others enticed by payments to do certain favors, and grand corruption that really hits at the essence of the state, and I'm going to be talking about those. But before getting to that, you know, I thought I'd say a word about some of the arguments in the literature just so you know that I know some – a little bit of literature and economics.

You know about the skeptics. You know who are providing sometimes a rational defense for corruption, based on economic efficiency arguments. Arguments that bribes help in lowering the cost of doing business in **** markets, in providing incentive, bonuses, and in distributing monopoly rents from a single agent or other officials who collude in sharing their bribe. So there are very interesting arguments made for why bribery exists in the economic literature. It's been argued that in an environment where there are restrictive or bureaucratic government procedures such as bottlenecks in paying taxes, burdensome customs procedures, or difficulties in obtaining licenses, bribes could actually produce – provide an efficient way of reducing transaction costs in **** markets.

Similarly, in a case where government needs to allocate a scarce resource to various private agents, a bribe payment may help, as I said, clear the market in a more efficient way. So there are all these rational reasons that people argue that bribes exist, and you know, of course, in the literature evidence trying to link growth and development to corruption, you know, shows that corruption may have a limited or ambiguous impact on growth at best. But the problem with many of these arguments is that they point to the microeconomic efficiency of isolated corruption or corrupt events without examining the long-run systemic impacts of these events. In the long run, widespread corruption often creates much larger negative externalities, which could hinder the long-term dynamic efficiency of the economy.

We understand this in Nigeria where we have long struggled with systemic corruption that has diverted resources, corrupted values, and led to rent-seeking activities in place of productive ones. But all this is talk that is sounding much more abstract. Whereas the face of corruption is a very real one, particularly where it concerns the poor, and what I want to do with you this afternoon is to try and share the faces of corruption by telling you some tales about corruption. Sharing some corruption stories that really hits. These are real. So what are the faces of corruption in Nigeria, in Africa, can illustrate with several examples. And I'll take the first one to illuminate how corruption totally undermines growth and poverty reduction.

And the first concerns the wholesale theft of public monies. It's the Abacha tale. The first Abacha tale. In August 2005, Swiss authorities accepted the argument of Nigeria's lawyers that there existed an Abacha criminal organization whose purpose was to engage in the looting and laundering of Nigerian public funds. With this acceptance of a long four to five-year battle to prove the criminal origin of corruptly acquired Abacha monies. The Swiss government agreed to repatriate about 500 and \$500 million – half a billion dollars of frozen Abacha funds – back to Nigeria in 2005 and 2006. Over the five-year period, November 1993 to June 1998, of Abacha misrule, an estimated US three to five billion dollars of Nigeria's public assets were looted and

sent abroad by Abacha, his family, and their associates. Now the sums represent a substantial amount of Nigeria's public assets by different measures. For example, the estimate sums represent 2.6 to 4.3 percent of the 2006 GDP of Nigeria, and 20.6 to 34.4 percent of the 2006 federal budget.

Another way of viewing this is that at the upper end of the range, the amount stolen is larger than the 2006 education and health federal budgets combined for my country. And then using unit cost estimates provided by the World Bank, these amounts stolen could provide anti-retroviral therapy for two to three million HIV/AIDS-infected persons for a ten-year period, or supply insecticide-treated bed nets for over 200 million pregnant women and children. So we are talking of significant development impact of diverted monies. Now of the amount stolen, over 2.2 billion was largely documented by the Central Bank of Nigeria as stolen from **** truckloads of cash in foreign currencies in travelers' checks or other means.

Most of the monies were laundered abroad through a complex network of companies, banks, and shell organizations before finding their way into foreign accounts operated by the Abacha family and their cronies. At the peak of the activities, over 70 companies and more than 32 banks, including some of the world's best known banks, had had money laundered through them. This is my first tale.

And I want to show a slide – I think I might need some technical assistance here. Just one. No, the next one. There. I just wanted to share with you – I tried to put together some graph of how these monies were laundered, and you can see how a payment – payments made were sent through different accounts of different companies to different countries and sent back again to the same banks and then before being sent around – and this is just how – so this is real. This is how some of the transactions moved around. And I think I've taken – if I show you a really complicated picture of this laundering, you will be amazed. But I took a very simplified view. But this is the kind of thing that – that happens when this type of corruption and hijacking of public monies takes place and ends up in the accounts of corrupt individuals in the developed world. So I'll come back to this issue later. So this is tale number one.

Now my second tale also has to do with another Abacha tale, but this time it's a tale of Mrs. Abacha, who won a contract for supplying vaccines to the then-Nigerian Family Support Program, a social program designed to benefit poorer families, especially poor women and children in the country, and which was headed by Mrs. Mariam Abacha. The contract for the vaccines was valued at \$111 million US and was awarded to Morgan Procurement Limited, a company belonging to the Abacha family. Now the true value of the vaccines was really US \$22.5 million, and therefore the difference of 88 million became a profit for the family in this transaction, and it was again laundered and transferred to their various accounts.

Now this – this act of corruption in such a program that was meant for immunizing our children introduced an element of systemic corruption into the way that immunization and vaccination programs were handled in the country for the first time and subverted that program for years to come. Once people could see that this was a way of doing business and toying around with something so important, an element was introduced into the management of our children's health

that should never have been there. Now my third tale of corruption is a tale on a small scale, but very worrying.

It is a tale of Rose, a 21-year-old university student who finally made it out of her village and family as the first child to get a university education. Rose, from a poor rural family, could not purchase the series of class notes sold by her lecturer to students as part of their reading materials for the class. The lecturer who used the monies he got from these notes to supplement his income noticed that Rose was not purchasing the notes and penalized her through giving her low grades for her work. When she explained she couldn't pay, she was asked to make up with other favors, but she refused. The failing grade she was given in the course was instrumental in her withdrawal from the university, which put an end to her higher education and with this an individual – and entire family, and even the village, lost their hope from an escape from the pathway of poverty.

When I followed upon this story, I found it was by no means an isolated case and that it was part of a systemic rut that had befallen what had once been a good tertiary education system. I have a fourth tale. And before I tell – talk about this tale, let me just say that one of the things that most surprised me when we started doing reforms to try and deal with the issue of corruption in Nigeria was that I had presumed that the people who would be most excited by this series of reforms would be foreign companies because they are the ones who always complained about corruption and about having to pay bribes and so and so. I thought, well, we have a constituency of people doing business who will be really excited and really on our side. I found to the contrary.

I had many run-ins with foreign companies who did not want to play by the new rules and I remember one in particular. In 2004, at the beginning of a foreign construction company, very large, and very important in my country. When they were asked to follow the new rules of value for money audits for contracts, which had been put in place by my colleague, ****, during the time that she was in government, for auditing contracts and producing a certificate to show that these contracts had gone through what we called due process before being paid, they didn't like this. And my insistence that they follow this same more transparent and open process almost cost me my job at the time. So if they had had their way, I would have had a short-lived one-year career. But in the end we prevailed.

So it was an eye-opener to me that some of those we thought would be takers of this reform were not so pleased with it. And, you know, that's a preface to my fourth tale because it involves some – a foreign consortium and, you know, reports about this can be found in various Financial Times articles in 2004, which involves a lucrative oil and gas project in Nigeria. Sometime in 1994, the TSKG Consortium comprising several countries' organizations – France's Technic, Sanprogetti of Italy, Japan's JGC, and Kellogg, Bran and Root of the Halliburton Group – had made a bid to provide services to a US \$12 billion L&G project in Nigeria, partly owned by the Nigerian government and the Shell group. This initial bid was not accepted. Subsequently the TSKG group obtained the services of Tristar Investments, a separate company, which was to provide “consultancy services to enable the company win its contract in the L&G project.” Finally, in December 1995, TSKG was awarded a US \$2 billion contract in the Nigerian L&G project.

Years later, evidence was produced that the TSKG group had internally discussed making payments of about US \$180 million to various foreign accounts of Nigerian officials to help TSKG obtain its lucrative contract in the L&G project. You can surmise that Nigerians collectively paid the price in terms of the higher costs for this diversion of contract monies into private pockets. I could go on and on with other tales. But these tales illustrate in real terms, because they are real, what the faces of corruption are and what the impact of grand corruption, as well as petty corruption as in the education case, how they can undermine and systematically take down a country in terms of its development.

These tales illustrating what is happening taken from my own country – I could find many more from elsewhere – tell us how corruption of various types introduces distortions into various sectors of the economy in a way that is damaging to development. So that even if corruption is to be viewed as a market response to government failures, it is still a highly regressive and inequitable means of addressing such failures. This is simply because corruption is ultimately most vicious on the poor, and this may occur in various ways, and it is why it is critical that trying to alleviate poverty, as is said in the World Bank Governance and Anti-Corruption Action Plan, is seen – that corruption is seen as a central tenet of trying to do that because the effects of corruption are so inimical to the poor. Poor households are likely to be excluded from public services which require grease payments since the burden of corruption, that is the cost of a bribe as a share of income for the poor, is likely to be disproportionately large compared to that of other wealthier households.

In this sense, bribery acts as a form of regressive taxation. Second, in instances where public service delivery is weak due to corruption, the poor tend to be heavily disadvantaged as they may lack resources to obtain private services; e.g., in private clinics or schools. Teachers and lecturers as I illustrated may take bribes to pass children on exams. Education, which is the one way for the poor to open up the doors of opportunity, is perverted and such means of upward mobility is closed to the poor, and this is a very real cost. Third, there is evidence that in a corrupt environment, government spending tends to be diverted away from social expenditures such as health and education, which benefit the poor, towards infrastructure projects and may even result in roads to nowhere, electricity projects that do not function, etc. Such projects are heavily transactional, yielding contracts that lend themselves to bribes.

When the environment becomes purely transactional with little focus on policy, the impact on the poor is devastating. In fact, in a corrupt environment, actions of ministers and civil servants focus heavily on transactions rather than policy, and we have ample evidence of this from the – a time in Nigeria when we first started and before we put in the reforms and cabinet positions were being shared, people were – or there was a lot of – a lot of jokes were told about search for lucrative assignments. Assignments that involved the ministry of works with a lot of contracts, power, defense, agriculture, water, resources, and the rest. And the president used to tell a joke that if you feel you have not been given a “lucrative ministry” that’s not the intent of this cabinet and you can leave if you don’t like it. That’s the extent to which transactional issues that yield themselves to corrupt practices were sought after before we put in these reforms.

A sad thing is that corruption could even be – have more pernicious, non-economic effects on a society. As in Nigeria prior to the reforms, the culture of impunity and corruption that crept in

on the non-transparent military regimes was so pervasive that it had corroded the psyche and moral fiber of society. There was complete invasion of our moral and value systems well beyond the economic sphere as illustrated in some of the examples given above. The vigorous fight launched against corruption began to make an inroad against this, but as you know, we are still fighting today in Nigeria and it's a long way to go. And in country after country in Africa, the fight is beginning in some. In others it hasn't yet begun. But it must be done if true development is to take place.

Let me now turn to two issues. I've so far been talking about issues that you are familiar with and know about. I want to mention two issues that are not as much talked about with regard to corruption. And this is where in my thinking after my ministerial assignment, as I reflected on what had gone on, I feel that we're living a bit of a myth. The first issue I want to talk about is political corruption and the second is the issue of stolen assets as you saw here sent abroad and the repatriation of these. In many instances, the corruption debate is centered on economic corruption. On cases of rent-seeking, on procurement, financial management, **** issues which we're familiar with on the economic side.

If you look at the World Bank's Governance and Anti-Corruption Action Plan for example, it's focused squarely on the issues of economic corruption. It talks about financial management, the need to improve on that. It talks about audits, procurement, the judiciary areas which tend to be – focus more on the economic side. There is one area it does not talk about, and that's the area of political corruption. It mentions it. It talks about the link between money and politics, but doesn't deal with it, and in the case of the Bank probably cannot deal with it because its articles forbid it from touching on political issues. But I would have liked to see more of an analysis of the impact of political corruption on the economy. I've begun to feel and see that unless and until we tackle that issue, all the work that is being done on the economic side of corruption will be undermined.

So I want to be a bit provocative to say that we moved on this journey on corruption internationally and locally. We've begun to identify the issues and to fight. But that there's one big delusion and that is that we can leave the issue of political corruption to the side, and my argument is that we can't because it will come back and reintroduce itself into the economy of the country and undermine all the work that has been done. So until and – we're winning to look at this issue of political corruption and find ways in partnership to tackle it, I feel that we are not fighting the true and real battle.

And what do I mean? What am I talking about? I'm talking about political corruption particularly relating to political party finance and to campaign finance. This is becoming an increasingly major challenge in developing countries. Running a multi-party democracy is becoming an increasingly difficult and expensive business. As a rough guide, transference international reported that in 1999 democratic elections in South Africa cost political parties between \$40 to \$67 million. In my own country, I don't have an exact figure, but I know it runs into the hundreds of millions of dollars for state and federal election to fund processes and results that sometimes in the end do not deliver the kind of outcome that people consider credible.

The issue then is, in a poor country that adopts democracy, especially of the American variety, where do resources to finance campaigns and political parties come from. What are countries to do? And why is there so little discussion of this in the open? Every time you hear talk about corruption it tends to focus more on the economic side of the issue, and developed countries that like to criticize developing countries a lot, on the corruption issue they are silent. Might it be that they themselves don't have the answer? That they themselves don't provide good examples? Maybe all of the above. I'll come back to that.

But this cannot be left as a silent issue. Because political parties and the political process in imagined democracies invariably become – or are becoming prone to corruption. I am worried that political corruption in pernicious forms may be taking hold on our continent and that as ways are sought to emulate western forms of campaign finance, but without the strong institutions and the safeguards existing in western democracies, that we're going down the road of an insidious undermining of our very democracy and our very economy through the way of political corruption. Politicians in Africa have observed that in the UK and the USA big business and wealthy individuals help to finance elections and sometimes develop a symbiotic relationship with those in power.

In the absence of big indigenous businessmen and woman, the attempt is to create them by granting them special favors, licenses, concessions in a manner that enables these businesspeople to make huge sums of money, a good deal of which is then funneled back as kickbacks into political finance. This is the new frontier in corruption. It is the new frontier in the financing of democracy. Of course, standard ***** of inflation of contracts and diversion of state resources for political purposes still exist, and I notice a schizophrenia in which such activities are frowned upon by leaders when they occur in the economic sphere, but they receive a nod and a wink when it is in the political sphere. After all, my dear, I'm told often, one has to be pragmatic. Elections must be fought and won, and this requires money. And we have to find ways to find this money.

What the above approach does is to give the governing parties in a developing country context. Overwhelming part to use the instrument of the state to finance themselves to the detriment of the opposition. A second issue is that this corrupts systems of political finance often lead to state capture as businesspeople who have been favored develop an ever stronger hold on politicians in power. I think Lee Kuan Yew put it succinctly in his book, *From Third World to First*, when speaking about this practice in Asia. He said a precondition for an honest government is that candidates must not need large sums of money to get elected or it would trigger off the cycle of corruption. The bane of most countries in Asia has been the high cost of elections. Having spent a lot to get elected, winners must recover their costs and also accumulate funds for the next election. The system is self-perpetuating.

In Thailand, a former government minister described it as commercial democracy, the purchase mandate. I'm sounding the alarm that what we are facing in terms of political corruption on our continent today is the fear that we fall into the era of commercial democracy, or the purchased mandate. And if people do not speak up about it, do not try to link this to the undermining of the economy, I'm afraid that we're living in a myth. I find it quite ironic that the very practice of multi-party democracy, which is intended to strengthen governance of public resources in

developing countries, could be the same process which undermines good governance in the same countries. If unchecked, the long-run result would be dissatisfaction with the political process.

Politicians and the political process rapidly lose their credibility and legitimacy and widespread voter apathy emerges. Even further, this practice leads to the common tendency of ruling parties wanting to perpetuate themselves as they realize reelection may be difficult or almost impossible without public funds or granting of economic favors to private sector cronies who then finance elections and who then undermine the economy through various practices which gives them monopoly control over certain sectors of the economy. I must confess that the intermittent eruptions of political corruption in developed countries does not help.

Witness the recent cases in the US and UK. Even though the rule of law had led to exposure and punishment of most such cases, is a bit like the case with the international trade negotiations. As long as politicians in my country could spot high tariffs, non-tariff barriers, and subsidies in trade practices of developed countries, it became extremely difficult to make arguments for trade reforms, although we did and we got our way through in many cases. But it's also very difficult to talk of good governance and transparency and be taken seriously and if you yourself are not seen as doing the right thing. In the case of corruption, the occurrence of bad examples in developed countries gives developing-country politicians cover to do the wrong thing.

Now there are many international institutions that monitor elections in emerging democracies; the Carter Center, the OSC, Commonwealth Secretariat, and so on. Yet very few monitor the process of political party or campaign finance. Very few suggestions come forward for how developing countries that want to be democratic can rightly finance these elections without having to do the wrong thing. And it is something that amazes me that there's so little conversation on this.

So I'm giving CGD some homework. Since you got me here to do this lecture, you can't go free. This is your next task. You have to focus on this issue of political corruption and come up with some good ideas about what to do and how countries can handle this. I will say a bit about some ideas when I get to the next section.

A related issue is immunity for politically exposed individuals. This exists in many countries, Nigeria included. Why should immunity be the case? It's often argued that senior political officeholders should have legal protection during their tenure in order to prevent frivolous and legally motivated attacks. And also help in preserving the reputation of the office. In some cases, notably for heads of state, immunity from prosecution is even broader and could even extend in some countries to lifetime immunity. Legislators in such countries may also be unwilling to revoke such immunity perhaps out of fear of setting a precedent which could endanger their own future and lead to impeachment and the like. Yet upon reflection on cases of corruption by state governors in my country, this notion of immunity for politically exposed individuals becomes simply indefensible.

Any thinking on good governance on tackling corruption must require greater accountability, including the removal of immunity from officials occupying such high positions in our developing countries. I now want to talk – turn to a second issue and talk briefly about

developed countries and how they are also implicated in the fight against corruption in the developing world, particularly how developed country governments may aid and abet corruption by providing sanctuary for funds looted from developing countries. I've already alluded to this subject, but an estimated \$20 to \$40 billion of funds is said to have been stolen by corrupt leaders in many poor countries and hidden overseas. This matter is under discussed in international forums. To me it falls within the category of ***** called the under discussed serious problem of global commission that must be addressed if we want elementary global justice.

Now we know a number of important international cases that of former president Marcos of the Philippines, Sani Abacha of Nigeria, that of Peru, and so on and so forth, where large sums of money have been looted and sent to financial centers overseas. And there were lots of – trouble have been taken such as the graph I put up above in transferring these funds using complex methods to hide their origin, layers of transactions to conceal the audit trail, and thus integrate the funds back into the regular economy. Stolen funds are often very difficult to repatriate to the impoverished nations, and the true owners of all these funds are kept from having access to them because all – because of all types of legal and administrative obstacles that are put in the way of sending such monies back.

Politicians and civil society in developing countries therefore perceive it as hypocrisy when you have people from developed countries preaching to you about corruption when they themselves are harboring corruptly stolen funds. In many countries if you are the recipient of stolen goods, you are also a thief and you're liable to prosecution. Reflect on that. This issue of stolen monies harbored abroad is – has only recently begun to be talked about with the advent on the war on terror and the issue of terrorism financing. There is now more conversation about how to uncover such illicitly gotten and acquired funds that are moved around the world in various hidden ways.

In a landmark legal – in a landmark negotiation, the United Nations has provided the framework for trying to deal with this issue of asset recovery, trying to deal with the issue of corruptly stolen money through the United Nations Convention Against Corruption, and the United Nations Office of Drug and Crime is the custodian for making this convention work. Along with the World Bank, a recent initiative called the Star Initiative, in which I've been involved, the Stolen Asset Recovery Initiative is attempting to push and advocate for countries to sign up to this convention because it will make it so much easier for developing countries to be able to get their stolen monies back. Nigeria has had a very good experience in dealing with this getting 500 and half a billion dollars back from Switzerland and it provides an example of what could be done if we all got behind this issue of the recovery of stolen assets.

So I want to raise the consciousness of those in the audience that there's a very present issue in which developed countries can make amends and can act by showing corrupt individuals in the developing world that there is nowhere for their money to hide. It also sets a good example for emerging markets because these are becoming increasingly the havens for these kinds of monies. They are migrating now from developed country banks into emerging market financial havens, and setting this example signing up to the convention by developed countries, particularly the G8 will set the tone for what to do for the emerging market countries that are becoming recipients.

So I've talked about corruption, it's various faces, it's various forms. How do you now tackle this? And I'm coming to the end of my talk for those who are getting impatient. What are the proposals for dealing with corruption? This is a large subject.

So let me attempt to make some suggestions for developing countries based on my experience in Nigeria of things that worked, for developed countries, as well as for civil society. In the case of developing countries at the end of the day the onus for dealing with corruption, for coming up with solutions, lies squarely on their shoulders. It is our countries that are poor. It is our countries that can ill afford the types of corruption that we see being embedded in society. So we have to come up with the solutions.

The experience we've had that was beginning to yield fruit in Nigeria involved a frontal assault, but a comprehensive one. The first thing about fighting corruption is that you cannot isolate different types of corruption. Okay, we'll look at the audit system here and we'll deal with that. We'll look at financial management here and we'll deal – no. That doesn't work. You need a comprehensive assessment of a diagnostic, if you will, of the types of corruption and the sources of corruption in the country and the economy, including political corruption. Even if you can't do anything about it, a diagnostic must look at this issue and must look at the extent of it because the more transparency you can give to issues, the more likely solutions will come. The more likely individuals in the country will be able to raise their voices in protest. So a comprehensive approach that starts with a diagnostic and that develops solutions for the various sectors of the economy in which corruption occurs.

In Nigeria we did a diagnostic and we isolated the very egregious cases to be in public contracting in the oil and gas sector. These were the areas where people felt that a lot of bad things in terms of assets disappearing were happening. And specific strategies were put in place by my colleagues who were working on this to try to tackle these types of corruption. The one mistake we made is that we didn't look at political corruption, and with the benefit of hindsight having digested what we did, where we did right and where we didn't do right, we should have included that as part and parcel of our diagnostic, even if we couldn't begin to deal with it at the moment. So a comprehensive approach that illuminates where the big types of corruption that have a very detrimental impact on the economy and on the country occurs and specific policies designed to tackle those.

In the case of public contracting, where we found that the unit cost of contracts were four to five times those of neighboring countries. We were able to put in place first a value-for-money audit that I referred to earlier and secondly, later on my colleagues developed a procurement system with the help of the World Bank that included international and local competitive bidding and tried to put a more competitive and transparent process into the procurement system. On the issue of the oil and gas sector, the president enrolled the country in the Extractive Industries Transparency Initiative, a type of publish what you pay initiative which allowed more transparency in the way that the accounts of the oil sector were being displayed or talked about, allowed more information to be shed, in fact the group was able to do an audit that exposed what had been going on in the oil sector for the past five years of the **** administration in terms of financial process and physical issues. So very specific strategies were put in place to try to tackle this.

In the area of political corruption, had we been able to do the diagnostic, I think we would have been able to also suggest certain specific measures that could help. Transparency International has done a big piece of work in terms of suggesting what measures countries can undertake to try to put more openness and cleanliness in the political system. I think it involves not only issues of disclosure about financing, but moving financing gradually towards the use of more public monies. Countries should not be shy to say that democracy is so important, getting the political process going is so important, that the country should assign some amount of its public resources to doing this. When you use public resources, you can demand more accountability, more transparency, more openness. When you leave it vague, and you have private citizens who are financing, then the rules for disclosure, talking about disclosure becomes that much more difficult.

So my suggestion is for a move towards more public financing. We shouldn't be shy in the budget to put our sights **** each year some resources towards the entrenchment of our democracy in a clean and transparent way. I also think that we need to look at electoral cycles and the way we do our campaigns. We don't have to copy what goes on in the US where 18 months or two years of campaigning. We can't afford it. Campaigns can be run for two or three months. A very short – limiting the period of time limits the amount of money to be spent on the process. So we need to open our minds and look at various categories of actions that can be done. But like I said, if we don't do this, we will have the specter of political corruption creeping back.

Imagine a businessman who has had to funnel some money to finance an election. Then he wants waivers. Then he wants certain license. Then he wants monopolies of a certain business. This goes right back, feeds right back into the economy, stifles competition in certain sectors, directs monies away from providing services to the poor people in the society for whom the government should be working, and directs them, in the case of a monopoly, into the pockets of the private citizen. All because people have been brought in to finance elections.

So I think we need to look at both processes, as well as the financial mechanisms in terms of political – our political life in our democracy if we are to have a sustained impact on corruption. The whole attempt should be to drive countries towards – I try to think of the concept, you know, of – and Dennis de Tray said I should not talk about this, but I'm going to mention it for a second – I was thinking of each country and each set of actors in a country facing a corruption possibilities frontier. Borrowing from the production possibilities frontier and that was the picture – I don't know if I can put it up, you know, that came up – oh, I've now gotten rid of it – originally I was just toying with the idea that individuals and countries face this frontier and the more resources you have in terms of natural resources, the more outward this corruption possibilities frontier is.

And what we should really be aiming for in our developing countries are mechanisms to push this frontier inwards. And how do we do that? It's by developing institutions. Institutions are key. Without the development of these institutions, legal processes, and systems, we will not be able to have again a sustainable impact on corruption. You see a country up there like Botswana for instance. Strong institutions. They have – they're able to put their money into the right projects they want to do and *** few ****. Another country with very weak institutions is down

towards the bottom of the frontier. So it's just to illustrate that we need to focus on developing lasting solutions and those lasting solutions to me seem to be the institutions, processes, and legislation that will help us deal with corruption in the long term. For developed countries, what should they do? For me, they need to focus on this issue of political corruption. It's not adequate to focus on election monitoring alone, which tends to be what is done, without examining issues of political party finance.

Now if multilateral institutions are not focused on this surely bilaterals can speak up. Surely NGOs and civil society. Surely think tanks can take a look at this issue and come up with some answers. A second area for developed countries is on the issue of stolen assets, and I've talked about that extensively. Having the type of examples that I spoke about earlier of corrupt individuals that are able to hide their assets and then have developed countries throw all kinds of legal barriers in the ways of getting this money back is not the way to go. Developed countries can show the way by making it far easier to get this money back and then they'll sound more credible to people in our countries. Developed countries must also lead by example and I believe that this is the final way they can really have an impact on fighting corruption.

The moral authority of developed countries and the battle against corruption is weakened when these countries condone corruption in their own countries and yet expect developing countries to tackle corruption more severely. Given eclectocrats in developing countries an opportunity to point to cases of corruption, be it in the US legislature or with UK defense contracts, witness the BAE saga, or when German manufacturers, witness Siemens, truly, truly undermines the fight against corruption in our countries. So the first thing is leading by example. For civil society I believe civil society can play a very active role. I'm very amazed that you've had a lot of civil society organizations who have fought for debt relief, been very active in advocating for this, and yet you hardly hear any civil society organizations talking about this issue of corrupt monies. Why isn't there any agitator – agitation in this regard? Why don't we see banners at the Making Poverty History talking about this issue? If there are any civil society activities in the room, I beg you that when you leave here today you put this at the center of your course. Civil society organizations can also assist by pushing for greater transparency in government budgets.

A good example is from the Uganda School Survey, which many of you know, where by insisting on transparency the pasting budgets of schools on school doors and using various mechanisms about the leakage in the Ugandan school system, which was about 87 percent of funds that would leak when sent down to the schools, was reduced considerably to about 13 percent just by introducing transparency in the system. We've also seen that with civil society support in Nigeria, and in fact the lights, when we began to publish the revenues of state governments, local governments, and the federal government, Nigerian people had a tool in their hands in terms of information, and they could tell which governors were making away with what amount of money, which local government officials were not doing what they were supposed to do. They finally began to ask questions. Why aren't roads being built? Why isn't chalk available in the school? Why teachers – why haven't teachers been paid? When they got this information in their hands.

Civil society organizations can play a very strong role by insisting on the availability of that – such information. Civil society can also support the fight against political corruption by

monitoring and pushing for greater transparency in political finance, including campaign finance. All this can be made much easier by an active and corruption-free media. That brings me to the end of my talk. I want to conclude by thanking CGD for inviting me here to deliver this lecture, and by asking them not to forget the homework that I put before them. Amongst all the civil society organizations, they've been singled out to do something on this issue. I have many witnesses in the room.

I strongly believe that corruption in developing countries, particularly African countries, can be reduced if we tackle it aggressively, comprehensively, including politics, not shying away from it, by building strong institutions, providing incentives, and enforcing laws. I believe the African continent can, and will, transcend the corruption obstacle and regain its image as observed by Winston Churchill following his visit to Africa in 1908, as a land in which the beauty of the landscape, the richness of the soil, the abundance of water, and I might add, the resourcefulness and endurance of its peoples, are defining characteristics. Thank you.

Nancy Birdsall: Ngozi, I think the standing ovation suggests your call to arms has been well received. Ngozi has agreed to answer a few questions. We have just a few minutes, and I'm going to presume to take the first question. Ngozi, we have here in the room the US nominee to be the next president of the World Bank, and you know the World Bank, and you certainly know about corruption in the developing world.

I wonder if you would take this opportunity to give him and those of who follow the World Bank and, as Ed Scott mentioned at the beginning, like to pretend anyway that we're advising the World Bank, if you could say a word about your understanding of the success that the Bank has had, or not, in the approach that it's taken, whether there ought to be more emphasis, a different sort of emphasis, in the approach the Bank is taking. There are accusations that it's too much a lending culture in which staff who may be very enlightened would rather not see everything that's happening around in the effort to get something done and support good ministers. Is that changing? What is your sense from having been on the other side of the table now for some years?

Ngozi Okonjo-Iweala: I think, Nancy, you're going to try to get two for the price of one. That's a whole lecture in itself. And I didn't hear Mr. Zoellick cast the question. You did. But I'll try to answer it. The issue is that at the Bank, I mean, the – as you know, you know, it's a little difficult because I was inside it and so I can also be a bit sympathetic to the fact that people felt ***** about not even mentioning or talking about the issue, and it was only in the mid-1990s really that the work on fighting corruption took off. And I think in looking at what has been done that there's been tremendous progress in a way, which is exemplified by what is in the Governance and Anti-Corruption Plan.

But let me say something. I don't think that a fundamental issue for me is that you cannot really – an external institution cannot fight corruption in a country unless and until the people in that country are willing to fight corruption. Where there's the political will to fight the corruption, and to lead, the Bank can be very effective. Where it doesn't exist, you cannot buy off corruption with loans. So I think you need to get fundamental understanding the conditionality cannot really solve the problem. So I think the Bank has been most successful in those cases

where it has had a dialogue and seized – sometimes an opportunity emerges as Jim Wolfensohn used to say, he said if you put – if there’s an opening and you can put a foot in the door.

If a **** who doesn’t mean it stays I want to find out about what’s happening with corruption here he believed in putting your foot – try to do a diagnostic, try to present what is happening in the country, and I think the Bank has been fairly good at trying to do that. The Bank has been good at trying to put together indicators – the work being done on monitoring and trying to look at what is happening across countries is good. But the fundamental issue really is how successful can an external institution be in a whole scale fight against corruption, and that is where we need to look at the Bank’s effort through the various types of instruments it has used. I think the Bank has been effective in focusing on issues like public financial management, procurement, where there are very clear tools which can be used.

As I said before, it has – I think it has not been as effective in taking a comprehensive look and approach to the issue, but even when the countries have also been failing in that. You know, the issue of political corruption and how it feeds into the whole system is one that has not been looked at. So it’s a mixed picture. Better performance than in the past, but I would say a long way to go. But what I do notice is that the current plan, the Governance and Anti-Corruption Action Plan provides a platform with the understanding that the country is responsible, leads the way. There has to be the willingness to fight. You can’t do it through lending alone. Pushing loans isn’t going to help. In fact, sometimes just technical assistance. Oh, I hate to use that word, technical assistance. Supports to a country with expertise may be more effective than pushing lending.

Nancy Birdsall: Questions?

Next Speaker: Thank you for a marvelous speech. I’m Bob Berg. I was wondering whether an axiom is possible that no good deed would go unpunished. Let us say that oil exporting countries take the advice of Goldman Sachs now and, and like Joseph in Egypt, store up some of their findings and in sovereign wealth funds and so forth because they’ve been able to cure corruption because they’ve been able to identify resources that can be set aside for the future for the lean years. Is there’re a risk then that the international multilateral community would hold it against them by saying that you don’t need the resources that we otherwise would give to you?

Ngozi Okonjo-Iweala: That’s a very interesting and important question. The risk exists. We’ve seen it. In the countries that are oil exporting, many of them have now managed to indeed store up some resources. If you look at several of the African countries, you now see savings as a percent of GDP as they’re very robust numbers. In my own country is about 41 percent. In Angola, in various of the other countries – even some of the non-oil exporting ones – are beginning to generate surpluses.

And the issue is yes, you know, it was said to us somewhere during the debt deal that you don’t need a debt deal because you have these surpluses. So there’s a danger in that, but I still do not think that that would be a reason to squander this money. You know, spend it in wise ways. I think countries should pursue rational policies, and they should be able to make the argument to

those who are, you know, on the other side of the table, about why they're doing this. The fact that you have some savings tucked away somewhere doesn't mean you're not poor and deserving.

Next Speaker: Hi, I'm Steve Webb, still at the World Bank. I wanted to come back to one of the things that you said about what sort of strategy would be best to address corruption and you said that a comprehensive frontal assault was best and I think everyone would agree that that is best when it is possible, but if one is a World Bank official or say a minister of health or a local governor without the political authority to – to bring about a comprehensive assault, is it worth doing an isolated effort to fix the tax administration, fix procurement and health, if you can't do the frontal assault. Is it still worth the effort to do one of the pieces?

Ngozi Okonjo-Iweala: When I – yes, when I talked about the frontal assault and the comprehensive strategy, this was something that I thought the countries themselves need to do because like I was saying, the World Bank can be most effective where there is a political will to do something by the country and they have to take the lead. Now should you, if you can fix one area, do that and then, what do you call it, sort of sequester –

Nancy Birdsall: Ring fence it?

Ngozi Okonjo-Iweala: – ring fence it, I think it would be of value and pessimistic to say no. I think the reason why I would say you can try is because it might begin to open doors to other – to a more comprehensive approach to corruption. In other words, if there is a political environment to work on say the taxes and people begin to see that this is yielding the results, it might lead you to situation in which there is a demand now for better and more comprehensive approach to the problem but that would be the only reason. The idea that you can have one isolated island of corruption free endeavor which is then collecting taxes that have fed into a corrupt system doesn't work. Do you see what I am saying? If you fix the tax authority and it collects ever more taxes from people, including poor people, and **** in a corrupt system and in the pockets of others, that doesn't work, but if there is a chance that fixing the tax system could actually open the door to more reforms, and in many countries this can happen, then I would do it.

Nancy Birdsall: David?

Next Speaker: I'm David Roodman with CGD. At CGD we have something called a Commitment to Development Index which you might have heard of which rates rich countries on how they are doing in various policy areas A trade investment from the point of view of developing countries and there is an investment component and from time to time we have kicked around the question of whether there is a way that we could grade rich countries on this question of – on their policies and actions with respect to accepting stolen assets – illegal assets, and we have never found a good way to do it. Are the Swiss the bad guys because they have these secret bank accounts or are they actually exemplars working with those trying to

recover assets? Is the U.S. actually much better? And I would be interested in any ideas you have on criteria we could use or impressions of which countries you think are going a good job.

Ngozi Okonjo-Iweala: Well I think we will need a separate session to do this, but do you know what has me smiling? The idea of grading developed countries too on some kind of an index. You know, I keep saying this, you know, every time you look around, indexes always develop the measure developing countries, everything is directed, you know, at measuring how developing countries are doing, particularly African countries and we're never there when these methodologies are put together by the World Bank and other such enlightened people. You know, the CPIA, you know, Country Policy and Institutionalized Assessment, the methodology, the Dexter Stability Analysis methodology and you go on and on so the more we can develop indices that measure the performance of developed countries, the better it can also be and then the asymmetry will go away so we will need a session on that.

Next Speaker: Bruce Bolnik from Nathan and Associates. You said you really wanted to talk about China and I want to hear as many concerns about how Chinese influence in Africa is growing and this is potentially detrimental to the fight against corruption so may I invite you to comment on China in this context?

Ngozi Okonjo-Iweala: I think the reason I wanted to talk about China and Africa is because I think it is viewed too simplistically out here, the relationship, but commenting on the corruption issue, I agree. I mean, we have cases in which Chinese companies have also been involved in payoffs and so all what I have said applies no less to them, and in fact, may apply more because they are involved in areas where there are a lot of transactions and infrastructures second and so I think that conversation, and this is where I think the Africans really – we really need to stand back and think.

The issue is when the – when western countries came to Africa we didn't know what we wanted. We didn't have the kind of value that puts our consensus and desires on the table, even until today, and the question I have is are we going to do the same with China? Are we going to be clear on how we want this relationship because I think it is a good relationship because the Chinese are providing to Africans goods and services which others are not ready or willing to provide and that is why I think that, you know, the way a relationship is viewed out here is sometimes, you know, the debt and the complexity of it is misunderstood.

The Chinese – you know, my favorite story is asking the Chinese Minister of Finance, before he resigned last year in 2005, asking him what – I was lucky to get a bit of his time, and I asked him what is Nigeria doing wrong. And I said, "What do we need to perform like China?" And he said to me two things, infrastructure, and discipline. You are an undisciplined country. If you can get your discipline together and build infrastructure you will develop. So the Chinese are willing to provide this service and goods which others – the western countries are not. They are more comfortable with education and health and it is understandable. That is what the taxpayers understand. If you say that 20,000 more girls are in school, people can relate to that. If you say you built three more roads, they find it very difficult, but without those three roads, those 20,000 girls in school may ultimately not make it so –

Nancy Birdsall: We will work on putting China into the index at some point. Gayle Smith – and I think that has to be the last.

Next Speaker: Thank you and I really **** the homework and I hope you will do that because the issue – Gayle Smith, Center for Progress and Clinton Global Initiative. The issue of political corruption is really very intriguing, but I was wondering as you discussed it that in the same vein that you talked about some of the examples we set, it would seem that for the United States where the balance between the amount of time we spend campaigning versus governing is completely out of whack, that we wouldn't be very well positioned to say to Africa and Nigeria or any other country, your campaigns are too long, you are spending too much money, that to me suggests that the pressure for that might well better come from African governments and institutions and I wonder if you could comment on where you see some of African's emerging continental institutions emerging in this and whether they can play a role and how some of the external institutions can support that so that, if you will, you don't have to repeat some of our worst behavior.

Ngozi Okonjo-Iweala: I wish I could see emerging institutions that we are talking about. I mean, I don't hear too much of that conversation on the continent. It is a very delicate issue and I think many people are not comfortable, you know, dealing with it. I mean, there are papers, there are ****, but institutions that take this head on, I'm not – that conversation isn't happening to the extent that one would wish so maybe we need to find a way to get the conversation going within the continent because we have to be the first in solving our own problems and then I think what the U.S. can do, not being a good example, first you can look at yourselves. There is nothing that says the U.S. can't reform.

The second thing – reform is not only for developing countries. The second thing is that there are good – I think there are good examples around the world of countries that have electoral cycles and political finance and that is more money. I don't think there is any perfect – I am still trying to do good practice examples and, you know, the U.S. could say look, we may not be the best but why don't you look at, I don't know, just go to some Scandinavian countries so, you know, how do they do it and so on and so forth. Thanks.

Nancy Birdsall: Ngozi, you have done a call to arms for everyone here in the room, particularly civil society activists, certainly we accept your call to arms and our homework assignment at the Center for Global Development. In fact, I should set a deadline for us, at least on the supply side of corruption, from the rich world in one year, okay? We – with your help we come up with something, I think Dennis de Tray is already mulling this over. I am sure he can look to you for help. I want to thank Ngozi very warmly. It was really wonderful to have you and have this call to arms for all of us and I would like to thank all of you for attending. We have a reception in the back and I hope you will join us. Thank you, Ngozi.