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Managing Director

June 28, 1996

To: All Vice Presidents

Addressing Corruption: An Action Program

Attached is a summary of a joint Transparency International/World Bank seminar on Strategies for Addressing Corruption, chaired by Mr. Wolfensohn.

Although the Bank's work -- including economic policy reform, institutional strengthening, and transparent procurement in Bank projects -- helps countries control corruption, we need to think through how we can develop a broader, more coherent Bank Group strategy -- and an action plan. As a first step towards this, I would like us to meet during the week of July 15, to discuss the issues involved and the next steps; I will let you know the time and place.

Mike Stevens, in the PSM Unit of the Poverty and Social Policy Department, will lead a small working group on this issue, and he will circulate a short issues paper in advance of our meeting. The working group will coordinate closely with Legal and Controller's, as well as with Operations, IFC and MIGA. Your support, obviously, is key. I hope we can move ahead with this quickly.



Attachment

cc: Mr. Wolfensohn
Messrs./Mmes. Iida, Lindbaek,
Einhorn, Frank, Kaji, Koch-Weser

Transparency International / World Bank Joint Seminar: Strategies for Addressing Corruption

A Summary of the Meeting on June 7, 1996

A seminar on Strategies for Addressing Corruption, chaired by Mr. Wolfensohn, took place on Friday, June 7, 1996. The Transparency International (TI) team, led by Peter Eigen (Chairman, TI) presented TI's approach to controlling corruption, and how the organization had evolved since its founding in 1993 to over 50 national chapters, with a small international secretariat in Berlin. The Bank presented its approach, based on economic policy reform, institutional reform, and procedures to limit corruption in Bank-financed projects. Also noted were EDI's ongoing integrity workshops with TI and the 1997 WDR on the Role of the State in a Changing World -- which will address corruption.

Mr. Wolfensohn emphasized that controlling corruption is a central issue of development. He underlined the need for the Bank to provide leadership in this area, and to be ready to assist country efforts to control corruption. He supported the thrust of what TI was doing, and foresaw growing cooperation with TI and other similar organizations.

Specific points to emerge from the discussion:

- 1) *The Bank Group should develop a three-year action program, which would include:*
 - a strong message about corruption in the President's 1996 Annual Meeting speech;
 - dissemination of the Bank's approach to corruption;
 - country level programs to fight corruption, in support of concerned governments (RVPs are identifying governments that would be interested);
 - sponsoring of conferences and seminars, e.g. on how corruption affects investment;
 - staff training; and
 - intensified efforts to control corruption in Bank-financed projects.
- 2) *MIGA and IFC should be part of the overall approach.*
- 3) *TI and other similar organizations could play a role in Bank Group activities, and TI was invited to send its proposals for future cooperation.*
- 4) *The Bank Group should play a leading role in the international arena as an advocate and activist in fighting corruption, taking a developmental approach.*
- 5) *Broad support and collaboration in this sensitive area is vital and a Board paper should be prepared, which would outline the Bank Group's proposed approach.*