



IMPROVING GOVERNANCE AND FIGHTING CORRUPTION NEW FRONTIERS IN PUBLIC-PRIVATE PARTNERSHIPS

BRUSSELS, 14-15 MARCH 2007

Overview of the Conference

The debate about good governance and corruption in developing countries has largely focused on donor financing and the impact of donor resources on the public sector. While the public sector and donor funds play a critical role in shaping the governance climate, foreign and domestic investors also play a decisive role in shaping the way decisions are made, transactions are handled, and governance reforms are carried out. The dramatic growth of foreign direct investment over the last decade suggests the influence of the private sector is only set to increase. Yet alliances among developing countries, international donors and the private sector have been relatively unexplored, despite a number of indisputable common concerns. This Conference, organized by the Government of Belgium in cooperation with the World Bank and the OECD, aims to explore this often overlooked dimension of the governance debate.

Developing countries, donors and private sector players face a similar set of governance constraints when engaging in development activities. These problems are particularly acute in the so-called fragile states, where poor governance, corruption, political fragility and the availability of valuable natural resources often combine to do more harm than good. In addition, donor countries and the private sector alike are demanding better analysis of the quality of governance to help track the impact of reforms and to assess investment risk. The objective of this Conference is to explore the potential of a three-way partnership of donors, developing partner countries and the private sector to improve governance and fight corruption.

Such a partnership calls not only for stronger attention to the assistance strategies used by international donors and strong leadership by developing countries, but also for renewed consideration of the third leg of the triangle: the reinforcement of a competitive, responsible private sector. This requires a multifaceted engagement to help developing country governments improve the investment climate and to help companies to strengthen ethical corporate practices and corporate citizenship. Such an agenda will also demand more active engagement by the global private sector to share lessons learned and to define a better informed policy agenda.

It may entail further sector-level initiatives such as the Extractive Industries Transparency Initiative or other specific approaches at the industrial level. The aim is to identify policy recommendations that will build further on work done by the European Union, the World Bank and the OECD in the area of governance. The conference will also further delineate an agenda for action and explore what steps can be taken both now and in the near future.

Participants at the two-day conference will include a wide group of stakeholders—from international organizations, country partners to private sector leaders. The findings of the conference will help lay the ground for follow-up at the Spring Meetings of the World Bank Group and the International Monetary Fund in April 2007, as well as at the OECD Council at Ministerial Level in May 2007.



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BRUSSELS, EGMONT PALACE, 14-15 MARCH 2007

14 March 2007 | Morning session

9:30 - 10:30 Opening session

Chair

Mr. Jan Grauls, Chairman, Department of Foreign Affairs, Foreign Trade and Development Cooperation

- Mr. Karel De Gucht, Minister of Foreign Affairs, Belgium
- Mr. Armand De Decker, Minister for Development Cooperation, Belgium
- Mr. Angel Gurría, Secretary General of the OECD
- Mr. Paul Wolfowitz, World Bank President

10:30 - 11:30 Framing the issues

Introduction setting out the need for alliances between donors and private sector players, amongst others multinationals, and highlighting the impact the private sector can have on the governance environment.

- Ms. Ngozi Okonjo-Iweala, Distinguished Fellow, Brookings Institute; former Minister of Finance of Nigeria

11:30 - 12:30 Stocktaking panel with representatives of partner countries, donor countries and private sector. More and more the development community and multilateral organizations are promoting increased cooperation and collaboration in the fight against corruption. So far, however, the effectiveness and impact of these efforts are limited. Where do we stand, what has and has not worked in the past, and how do we move forward? The stocktaking will provide an inventory of what has been tried and lessons to be drawn. Issues include partner country ownership, the defining of priorities in reform processes, importance of security, certain countries' limited absorption capacity of institutional reforms and the role of the private sector in the past, of multinationals in particular.

Chair

Mr. Mark Malloch Brown, former Deputy Secretary General of the UN

- Ms. Heidemarie Wieczorek-Zeul, Minister for Economic Cooperation and Development, Germany
- Mr. Pascal Irenee Koupaki, Minister of Development, Economy and Finance, Benin
- Mr. Donald Kaberuka, President of the African Development Bank

12.45 - 14.15 Lunch

14 March 2007 | Afternoon session

14:30 – 17:00 Three parallel break-out sessions

SHARING RESPONSIBILITIES FOR IMPROVING GOVERNANCE: RESPECTIVE ROLES OF DONORS, PARTNER COUNTRIES AND THE PRIVATE SECTOR

At a time that aid delivery systems modernize, aid funds multiply, new donors emerge, aid levels rise and the demand for good governance grows, there is an increased awareness of the need for a comprehensive and inclusive approach in order to improve governance and tackle corruption. Such an approach requires more effective delivery of aid in order to strengthen both supply and demand sides for good governance. An inclusive approach also requires the political commitment from partner countries to sustainable development and poverty reduction, as well as the voice and effective participation from the private sector and other non-state actors. This panel will focus on the respective responsibilities or functions in improving governance within the context of the evolving aid architecture.

Moderator

Mr. Jean Bossuyt, European Centre for Development Policy Management (ECDPM)

- Ms. Sue Unsworth, Institute of Development Studies, Sussex University, UK
- Ms. Dominique Dellicour, EuropAid, Head of Department Governance, human rights, democracy, gender
- Dr. Mohamed Ibrahim, Chairman of Celtel International BV, The Netherlands
- Mr. Brian Levy, Advisor Public Governance, PREM, World Bank

BUILDING POLICY CAPACITIES FOR A POSITIVE TRADE AND INVESTMENT CLIMATE

In a healthy economy and within the context of a sound regulatory framework, businesses can create jobs, drive income growth, support technological innovation and improvements in productivity, and, through these various channels, they can reduce poverty and support development. The challenge for governments then is how to create the regulatory environment, broadly defined, that will enable business to play this role, including through initiatives such as the recently completed Policy Framework for Investment of the OECD.

Moderator

Mr. Tshediso Matona, Director General, Department of Trade and Industry (DTI), South Africa

- Ms. Carolyn Ervin, Director for Financial and Enterprise Affairs, OECD
- Dr. Firmino Mucavele, Executive Head, NEPAD Secretariat
- Mr Ross Herbert, Head of the NEPAD and Governance Project, South African Institute of International Affairs (SAIIA)
- Mr Theodore H. Moran, Non-Resident Fellow, Center for Global Development (CGD)

PARTNERSHIPS AGAINST CORRUPTION – LEARNING FROM BUSINESS-LED INITIATIVES”

The discussion would underline the cost of corruption, and emphasize the importance of ethical corporate practices, improved partnerships between public and private sectors, and developing sector-led approaches to reduce risks of corruption. The panel will include a focus on lessons learned from partnership cases and how to scale up and replicate successful actions.

Moderator

Mr. Djordjija Petkoski, Head of Business, Competitiveness & Development Program, World Bank Institute

- Mr. Georg Kell, Executive Head, United Nations Global Compact
- Mr. Nuhu Ribadu, Chairman of the Economic and Financial Crimes Commission, Nigeria
- Mr. Andrew Bone, Manager, Public Affairs, De Beers
- Mr. François Vincke, Head of the International Chamber of Commerce Commission on Anti-Corruption

17:15 – 18.00 Plenary session

Report to the plenary on the specific panels.

Chair

Mr. Richard Manning, Chairman OECD/DAC

Reception

15 March 2007 | Morning session

9:30 – 12:00 Three parallel break-out sessions

CONDUCTING BUSINESS RESPONSIBLY

This panel will investigate the broad issue of corporate responsibility in conflict and post-conflict, the so-called 'weak governance' zones. On the basis of a number of practical experiences, a number of initiatives will be discussed that provide a framework for business in these zones. These initiatives include the OECD Risk Awareness Tool for MNE's in Weak Governance Zones, initiatives to provide for the traceability of mineral resources and timber, initiatives in the oil and gas production sectors, and the Extractive Industry Transparency Initiative (EITI).

Moderator

Mr. Peter Gastrow, Institute for Security Studies of South Africa, Director Cape Town Office

- Mr. Alex Vines, Chatham House, Africa Program
- Mr. Christophe Lutundula, author of the Lutundula Commission Report, DRC
- Mr. Thomas Leysen, CEO UMICORE, Belgium
- Mr. Charmion Gooch, Director Global Witness

STATE BUILDING AND THE PRIVATE SECTOR IN FRAGILE STATES

The challenges of forging effective partnerships between the private sector, donors and partner governments are multiplied in 'fragile states' – where the problems of capacity, political will and insecurity can be acute. The OECD's Principles for Good International Engagement in Fragile States reflect a growing consensus that strong economic performance and employment generation are integral to the state-building process in fragile states. But many questions remain about the priorities and sequencing of international support in fragile states, particularly those countries emerging from crisis or in transition. This session will explore both how investment and private sector development can contribute to much needed stability and how minimum standards of security can be provided in order for the private sector to operate.

Moderator

Mr. Richard Carey, Deputy Director, Development Cooperation Directorate, OECD

- Ms. Marina Ottaway, Carnegie Endowment
- Mr. Yuma, President, Fédération des Entreprises Congolaises, DRC
- Ms. Carolyn McAskie, Director, UN Peace Building Support Office
- Ms. Melissa Sandersson, Government Relations Vice President Africa, Phelps Dodge, USA
- Mr. Scott Brown, Assistant Director, Policy Development and Review Department, IMF

MEASURING GOVERNANCE

The panel will examine the challenges in developing indicators for effectively measuring governance. We will look at how indicators can be used properly. The panel will focus heavily on impact of measurement at the country level, how the country-level diagnostics and measure can help build demand for reforms, and how some countries have used indicators to define a governance strategy. We will also discuss how indicators can help policy makers and international aid organizations. Because an important part of the audience will be from the private sector, we will also examine how the international private sector and private investors have become major users and producers of governance indicators and how these are used to guide their decisions.

Moderator

Mr. Mark Nelson, World Bank Institute

- Mr. Daniel Kaufmann, Director, Global Programs, World Bank Institute
- Mr. Charles Oman, author of OECD booklet on uses and abuses of indicators
- Mr. Adelino da Cruz, Head of Mozambique's Commission for Private Sector Reform
- Mr. Valentine Collier, Head of Anti Corruption Commission, Sierra Leone

12:15 – 13:00 Plenary session

Report to the plenary on the specific panels.

Chair

Ms. Frannie Leautier, Vice-President World Bank Institute

13:15 – 14:45 Lunch

15 March 2007 | Afternoon session

15:00 – 16:00 Closing panel

Chair

Ms. Frannie Leautier, Vice-President World Bank Institute & Richard Manning, chairman OECD/DAC

Moderator

Ms. Christine Ockrent, producer and moderator, France 3

- Ms. Ellen Johnson Sirleaf, President of the Republic Liberia
- Mr. Louis Michel, European Commissioner for Development and Humanitarian Aid
- Mr. Daniel Kaufmann, Director, Global Programs, World Bank Institute
- Mr. Angel Gurría, Secretary General of the OECD
- Mr. Mark Malloch Brown, former Deputy Secretary General of the UN
- Mr. Graham Baxter, Vice President, Corporate Responsibility, BP and member of EITI International Advisory Group

16:00-16.30 Closing session

Chair

Mr. Jan Grauls, Chairman, Department of Foreign Affairs, Foreign Trade and Development Cooperation

- Ms. Ellen Johnson Sirleaf, President of the Republic Liberia
- Mr. Karel De Gucht, Minister for Foreign Affairs, Belgium.