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Remarks for

**Integrity Day 2009: “Integrity for Better Results”
November 4, 2009, 9:30 -10:30 AM**

Introduction

- Thank you, Leonard.

- Good morning, and welcome to Integrity Day.

- A year ago, I helped launch Integrity Day here at the Bank, when we were just beginning to address the issues of global financial crisis. Much of the focus at that time was on the banking sector. But we could see that countries were facing a loss of confidence in financial institutions and markets; and we foresaw the unemployment and human crisis that was to come.

- I highlighted the vital issue of trust that each of us holds as World Bank Group staff, especially during difficult times like these – safeguarding the trust of our clients, donors, and other partners. And the critical role that INT has to play to ensure that we are using financing effectively and having the maximum impact on the ground.

- A year later, these issues matter more than ever. The theme for this year’s Integrity Day is “Integrity for Better Results,” and it’s an excellent theme. But it’s can’t just be the theme for today. Integrity must remain at the core of our business every day.

- So I'm pleased to have the opportunity to address these issues again today, along with a number of very distinguished guests who have taken the time to help us with these challenging issues.
 - I'd like to extend a special welcome to Huguette Labelle, Chair of the Board of Directors of Transparency International. TI's work has been tremendously important for helping to mobilize the fight against fraud and corruption around the world, and Huguette herself has been truly a world class champion on this front. I am delighted that she took time to join us today.
 - I also want to welcome the prominent group of panelists that Leonard has invited today:
 - the Honorable Justice Conchita Carpio Morales of the Philippines Supreme Court;
 - the Honorable Justice Unity Dow of the Botswana High Court;
 - Dr. Samuel Paul, Founder of the Public Affairs Center in Bangalore; and
 - Nancy Boswell, President and CEO of Transparency International, USA.
- Thank you all for taking time out of your busy schedules to be here. It's very important for us.

Good Progress So Far

- Integrity Day is also an opportunity to thank the World Bank staff for the tremendous work they have put into advancing development effectiveness, while trying to guard against fraud and corruption risks.

- I know that this has been a major investment of time, resources, and energy, which has involved many people from across the institution. This year was also a true benchmark for INT's development in terms of staff, resources, functions, and results in addition to the partnerships it established across the Bank Group.
- Two weeks ago, I welcomed Paul Volcker and members of his Independent Review Panel to the Bank to discuss the progress that we have made since the release of their recommendations. It's a very significant achievement that the Bank has now fully implemented all of their recommendations, and that we're now marshalling further resources to scale up our activities against fraud and corruption
- This progress has not been easy to achieve in such a short period of time. And I want to say how much I appreciate the hard work by Leonard and INT staff. The leadership and experience he has brought to this institution has created a new positive dynamic between INT and other units across the Bank Group.
- Also, the guidance and support that Leonard and his team have received from others has also been critical. So I want to thank the Independent Advisory Board, the Audit Committee, and members of the Board of the Directors for all their important work in this area over the course of the past year.
- I also want to thank senior management, and particularly Juan Jose Daboub, Jeff Gutman, and Anne-Marie Leroy for working with INT to ensure that integrity is more closely integrated with the Bank Group's Governance and

Anti-Corruption agenda, and features more prominently in the supervision and monitoring of Bank-financed operations.

Integrity today matters more than ever before

- We have made good progress at the Bank in ensuring that fraud and corruption risks are detected earlier and managed effectively.
- But, frankly, we need to step up the game.
- No one should underestimate the challenges that we face:
 - A recent INT report on corruption in the road sector in one of our client countries included evidence implicating a number of ministers, project directors, and chief engineers in the solicitation and receipt of corrupt payments from contractors in an IDA-financed project.
 - In another case, a firm was convicted in Europe of systematically paying bribes to a number of former government officials and ministers in Angola, Bangladesh, Ghana, Jamaica, Madagascar, Mozambique, and others over many years.
- What these examples demonstrate is that fighting corruption cannot become routine. It has to be part of what we do every day. Let me put it this way: We need to set the tone, spread the word, be prepared, and work together.

- **First -- Setting the tone:** The World Bank Group itself has to be a model of integrity. Because we cannot expect others to live up to standards that we do not meet ourselves.
- The Bank Group's new information disclosure policy and Code of Conduct both send important signals in this respect.
- In our new disclosure policy, we're shifting to a policy that focuses on greater openness: we will disclose any information that is not on a list of exceptions. We've already established ourselves as a leader among international organizations in publishing financial disclosures of senior management. Transparency and integrity go hand-in-hand.
- This is not going to be easy to implement – especially executing this policy in the field. It will take a lot of work, above all from our country teams.
- The Bank Group's new Code of Conduct is also helping to set the tone, by actively promoting the Core Values that reflect the Bank Group's mission and principles.
- We can help set the tone for corporate compliance by integrating high standards of business conduct into what we do every day. This is not just the work of INT. It must be the daily business of everyone at the Bank.
- **Second: Spreading the word.** When we fight corruption, our aim is not just to go after one corrupt company or individual. We're trying to change the expectations and business environment in which we work.

- Sometimes asking people to make “honest” representations, or seeking good faith assurances from bidding companies, can help to spread the word and change expectations. Our business is not only about countering corruption on the technical front, but to expand the community of like-minded people who will help us.
- This also involves straightforward dialogue with governments of client countries, without skirting the difficult questions. I frequently will raise this issue with heads of government.
- **Third: Being prepared.** This is where the responsibility of country office staff is absolutely paramount: they are the Bank Group’s eyes and ears, on the frontier of our operations. Being aware of and prepared for risks needs to be part of all levels of our business model, and not just based on an evaluation or accidental reporting of misconduct.
- It also means that we have to use common sense. There are certain sectors where we may need to be extremely careful – sectors with long histories of corruption. And it means we need to be prepared to send strong signals to governments. If we are going to fight fraud and corruption effectively, there must be consequences to our relationship with governments that do not take adequate actions. The road sector is a good example.
- We can’t just wait for corruption to happen: we need to take preventative measures, to stop fraud and corruption wherever possible, before it happens – or at least make it harder, or less likely.

- This can be through process reform, or the way we design future projects. This means there's an ongoing opportunity to be creative, in terms of different types of development and assistance models; structured ring-fencing of projects; bypassing certain authorities. Context matters – and no one size fits all. But sometimes small steps can be important. It's the care that our task teams, including the financial management and procurement staff, take every day for example, that can make the difference.
- Fundamentally, staff can't hesitate to bring integrity concerns forward and must have the right incentives to do so.
- **Fourth: all this will only happen if we work together.**
- I know that many staff are working in difficult countries and in hard sectors. You're being asked to do a lot more. You clearly have tough choices to make.
- The challenge is to not shy away from risk, but to think ahead – anticipate risks, ask questions, share information, and find innovative ways to mitigate risk sufficiently. It's the only way we can further our development agenda during these difficult times. That's why I like the theme for today: not integrity for its own sake – but Integrity for Better Results.
- You should all know, however, that you're not alone. It's the responsibility of all staff to be alert to fraud and corruption. It's also the responsibility of all managers to support those staff who are raising concerns or flagging issues.
- This is also where INT can help through its Preventive Services Unit (PSU). Creating a PSU was one of the Volcker Panel recommendations intended to

support operations by “mining” and mainstreaming lessons of experience and good practices based on the results of INT’s investigations. As we advance our work on managing fraud and corruption risks, we will be better able to enhance the scope of preventive services that INT can contribute to smarter project design and more effective mitigation of fraud and corruption risks during project implementation.

- INT’s work is only one part of the Bank-wide effort to put integrity at the heart of our business. Our Governance and Anti-Corruption Strategy is all about working together to strengthen anti-corruption efforts in Bank-supported projects, building capacity among partner countries, and adopting measure to protect and enhance the integrity of the Bank’s own operations.
- So we’re coming at this from all directions – institutions, dialogue with government, INT investigations. We can tackle this problem best if we integrate all our tools.

Conclusion:

- This year, we’ve stepped up to the challenges of the global crisis: a record high for IDA, and we expect a new record high for IBRD as well -- \$40 billion or more. We’ve had strong IFC operations. Developing country needs and demand for our lending is even greater than we anticipated.
- I’m extremely proud of what we’ve been able to achieve in a relatively short period of time to meet the needs of our clients. But additional money creates

additional opportunities for fraud and corruption. So we need to continue to drive for better results.

- As we all work harder to meet continuing demands – we cannot allow compliance to be a casualty of the global crisis. The World Bank Group will play a leading role in the global response to the challenges of globalization, whether development, or climate change, health, or the financial crisis. We're breaking new ground on some of these issues. We're setting an example with our catalytic and convening power. So we must maintain the highest standards of ethical behavior. The stakes of failure on that front are far too high.
- This isn't just the work of an institution – it's the work of individuals.
- Later today, Juan Jose will be presenting this year's Integrity Awards, recognizing Bank staff contributions to INT investigations. These impressive individuals, nominated by INT staff, have each demonstrated outstanding cooperation with INT investigations, pushing institutional boundaries, and taking risks – sometimes with great personal risk and courage. Each of them displayed real leadership. Their behavior represents the high standards we all hope to meet.
- So I want to thank all of you for coming today, and encourage you to take part in the rest of the day's events.
- Thank you.

