

## Anti-Corruption: Bank Works with Partners at Beijing Conference

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*Governance experts from various countries and international organizations participated in a conference on "Economic Reform and Good Governance: Fighting Corruption in Transition Economies," co-sponsored by Tsinghua University in Beijing, the Carnegie Endowment for International Peace, and the World Bank on April 11-12, 2002. This was the first major international conference on anti-corruption held in China, and the event attracted about 150 high level participants from the Government, the Chinese Communist Party, as well as academics.*

*The World Bank contributed substantially to the conference with two speakers: Daniel Kaufmann, Director for Global Governance and LCR (Latin America and Caribbean Region) Learning at the World Bank Institute, and Joel Hellman, Lead Specialist on Governance, Eastern Europe and Central Asia (ECA) Region.*

Peng Ji-Long, Chairman of the Institute of Supervision in China, started by outlining the anti-corruption measures being taken in China, which included having ministers and governors disclose their assets and incomes, and not allowing the spouses and children of senior government officials to operate businesses in the officials' jurisdictions.

### Bank offers analytical tools



Joel Hellman,  
ECA



Daniel Kaufmann,  
LCR & WBI

In their remarks, Joel Hellman and Daniel Kaufmann:

- emphasized the importance of measures aimed at Transparency, Incentives and Prevention (TIP);
- provided details on the key role to be played in this context by the new governance and anti-corruption diagnostic tools, complemented by cross-country governance indicators;
- shared empirical evidence to demonstrate, among others, corruption's negative effect on poverty, and the enormous positive impact that good governance can have on development outcomes such as income per capita, infant mortality and literacy;
- presented data collected from 4,000 firms in 22 transition countries to shed light on the phenomenon of 'state capture' - a form of corruption in which firms make private payments to public officials to unduly shape laws, rules and regulations of the state;
- showed that in high capture economies the private sector is growing (and investing) at half the rate of low capture economies;
- shared research showing that foreign direct investment (FDI) in many misgoverned settings is also involved in state capture and related forms of corruption, thus pointing to collective responsibility in addressing this challenge.

### **A lively debate**

Hu Angang of the Tsinghua University welcomed the analysis as "inspiring" and probed ways with which the indicators may be applied to China.

Peng Ji-Long said that the "anti-corruption work still has a long way to go."

Minxin Pei of the Carnegie Endowment asserted that "for China, which has reaped enormous benefits from decentralization, the right policy in fighting corruption associated with decentralization is not to roll back past

decentralizing reforms, but to introduce new and complementary reforms."

Some of the most vigorous debate was on which types of anti-corruption actions to take. One idea recommended by several speakers in different versions was to establish a broad coalition, including the government, private sector and civil society, to fight corruption. "Relying on the supervision of the people is the most important power engine in China to combat corruption," said Peng.

Kaufmann agreed: "Sunlight is the best disinfectant, and thus creating millions of virtual auditors throughout the country, through a transparency-driven strategy that involves not only the executive but also the legislative, judiciary, private and NGO sectors can have great payoffs."

The strong interest in the conference was demonstrated through the use of sophisticated technology spearheaded by the University. While powerpoint presentations were simultaneously beamed onto two large screens (so that all participants in the audience could view it from any vantage point), a third side screen showed that the proceedings were also being webcast live through a major judicial website. At the end of the 2-day event, it was reported that the website had received 1.2 million hits, and an estimated 500,000 visits! The local press reported extensively on the event, focusing on the importance of prevention measures.



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