

**Twelfth International Anti-Corruption Conference
Guatemala City, November 15, 2006**

Thank you very much for inviting me to address this opening session of the Twelfth International Anti-Corruption Conference. It is a great pleasure for me to be here with you.

It think the topic of this conference is a very timely one, prompting us to consider the persistence of corruption and evaluate successful and failed attempts to fight it.

Corruption has been an ongoing concern at the Inter-American Development Bank, because it is a risk that threatens almost all of our areas of activity and can even prevent us from achieving our primary mission.

I do not need to explain to you that without integrity, there is no development. Corruption always robs opportunities from the majority because it prevents our countries from competing, from growing and from generating jobs, which are the only solution to structural poverty.

So we must ask ourselves: *What is the role of a multilateral bank in fighting corruption? And, concretely, what have we learned at the IDB in our experience in this regard?*

1. Perhaps the first lesson we learned is that we need to show humility. In its operations the IDB is exposed to the same risks as its member countries. We are not immune to the problem and cannot claim to hold any monopoly on virtue.

When the big debate on corruption emerged in the 1990s, my predecessor at the Bank, Enrique Iglesias, decided to start from the inside. He approached the issue by deepening and updating the Bank's mechanisms for internal oversight. He undertook a dialogue with the IDB Board of Executive Directors that eventually led to approval in 2001 of the so-called Systemic Framework Against Corruption, which strengthened all our activities for prevention, investigation and sanctions.

Management also launched a review of the IDB's Code of Ethics. When I took over as IDB president last year, I was able to move the process forward and am proud of the new Ethics Code we adopted in March.

2. But we all know that regulations and codes alone are no guarantee of integrity. I would therefore say that the second lesson we have learned is the importance of having a swift, efficient, professional system for oversight.

At the IDB we now have an Oversight Committee on Fraud and Corruption, an Office of Institutional Integrity and a Sanctions Committee. Since 2004 the Office of Institutional Integrity has been receiving complaints through various channels and conducting investigations into alleged irregularities both inside the Bank and in projects we finance.

Every year the office publishes a report on its activities. In 2005, for example:

- 138 complaints were received from both inside and outside the IDB, about alleged fraud, extortion, bribery and contract manipulation;
- 144 investigations were completed, and where warranted sanctions were imposed, such as barring individuals and firms from doing business with the IDB for a given period, and the dismissal of a senior official at our headquarters for embezzlement; and
- In several cases where investigations into allegations turned up evidence that national laws may have been broken, the matters were referred to the authorities of our member countries.

I am sharing these details with you so that you fully understand how serious we are about fighting corruption.

3. In no way does this mean that we consider ourselves some sort of “corruption police.” We prefer a balanced approach that emphasizes prevention.

Inside the IDB we rigorously fulfill our fiduciary requirement to ensure the integrity of all our activities. But outside the Bank, we try to work constructively with our member countries, which are also committed to fighting corruption. This means listening, learning and supporting national initiatives.

There are many areas in which this cooperation has been successful. For example:

- The IDB has an extensive portfolio of projects for institutional strengthening of judicial systems, comptroller general’s offices and administrative oversight offices.
- In several countries we are financing modernization of the systems for government procurement, customs and taxation.
- We promote active participation by civil society in oversight of public spending, for instance through our contribution to the Regional Fund for the Promotion of Transparency.
- At this conference, we are sponsoring three practical workshops on how to investigate corruption cases in multiple jurisdictions, how to prevent conflicts of interest in the public sector and how to fight corruption at the local level.
- We are also financing the translation and publication of a Spanish version of Transparency International’s 2006 Global Corruption Report on Corruption and Health, which will be presented at this conference. I would like to thank Transparency International for its outstanding work.

4. These joint efforts have led to valuable lessons. But I think that we can and must do much more. To conclude, I would like to mention two major challenges that could become great opportunities.

The first challenge is to ensure transparency in the mega infrastructure projects currently in the works in the region.

As we all know, the history of mega projects in Latin America has not always been exemplary in terms of transparency.

We cannot afford to make these mistakes again. I am convinced that we now have the experience and social consensus necessary to convert such mega projects into virtuous laboratories for transparency and citizen participation. In Panama the government has already demonstrated great leadership in this respect by putting these issues at the center of the Panama Canal expansion process.

The second challenge is to support the international commitments made by our member countries.

Recently the first round of the Follow-up Mechanism for the Implementation of the Inter-American Convention Against Corruption was completed. As you know, the country reports contain valuable recommendations on how to strengthen implementation of the convention.

Many of our member countries have also ratified the OECD Convention on Combating Bribery of Foreign Public Officials. Evaluation of convention implementation has also indicated a need to increase the countries' prevention and oversight capacity.

Ratification of the United Nations Convention against Corruption—the Mérida Convention—is advancing resolutely in our member countries.

You can be certain that the IDB will be a steadfast ally of governments that wish to convert the recommendations made in these conventions into reality. We have the resources, we know the region and we are more than willing to meet this challenge together.

Thank you