

Governance and Inclusive Growth: ADB's Approach

**Keynote Speech by
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I. Introduction

Your Excellency, Prime Minister Abhisit; Distinguished Guests; ladies and gentlemen:

I am honored to address the opening ceremony of the 14th International Anticorruption Conference. The Asian Development Bank is privileged to be recognized as one of the main partner organizations of this year's Conference. The past conferences have made significant contributions in the fight against corruption and I am confident that this year's event will continue this noble tradition.

II. Governance and Development

Why is the topic of corruption important to a multilateral development bank like ADB?

Simply put, corruption is a tax on the poor. Corruption, and weak governance in general, undermines government revenues, results in poor infrastructure, and hinders the pace of poverty reduction. It also contributes to inequalities in access to education, health, infrastructure, and other productive assets. Thus, poor governance, and corruption in particular, carries both a social cost and a real economic cost, and it is the poor and the vulnerable who inevitably bear the brunt.

Time and again, for example, we hear about high levels of corruption in the natural resources sector with severe detrimental impact on environment and livelihood. To sustain economic growth and poverty reduction, it is very important that we continue to focus on governance in resource management. And I congratulate the conference for taking up this issue.

The Asia and Pacific region, as we all know, has had tremendous success in reducing poverty through several decades of strong economic growth. Yet Asia is still home to more than 900 million people who struggle to exist on \$1.25 a day or less. More

importantly, we've seen increasing income and non-income disparities among and within countries, leading to what we call "The Two Faces of Asia" - the Asia that has emerged as a shining beacon of hope, and the Asia that is being left behind.

To address this major challenge, Asia must embrace the principle of inclusive growth — bringing more people into the circle of opportunity that growth and development provides. Governance is key to this issue. The poorest individuals and groups cannot benefit from or contribute to growth unless mechanisms are in place for all to participate in decision-making processes that affect their lives.

III. ADB's Approach to Governance

As the region's development partner, ADB works closely with our developing member countries to address their governance challenges. For example, we have supported the Government of Thailand in developing the capacity of the national anti-corruption commission. We are assisting the Pacific Association of Supreme Audit Institutions to raise public audit standards and strengthen capacity of audit agencies. We are also supporting the Asian Ombudsman Association to strengthen the capacity of its members and promote greater knowledge sharing.

Our assistance to developing Asian countries in all operational areas is guided by strict policies on good governance, the inherent rights of indigenous peoples, and recognition of the rights and contributions of women in the development process. We link our anti-corruption efforts to broader support for governance and improvement in the quality and capacities of the public sector. We focus on initiatives and systems that emphasize corruption prevention and utilize the international framework embodied in the United Nations Convention Against Corruption (UNCAC).

In August 1995, ADB became the first multilateral development bank to adopt a policy on governance, and in 1998, ADB approved a comprehensive Anticorruption Policy. ADB's experience shows that significant progress can be made in the struggle against corruption if the proper legal, institutional, and policy frameworks are in place. We therefore welcome the growing focus on anticorruption issues as part of a broader effort to advance the principles of transparency, predictability, accountability, and participation as articulated in our Governance Policy.

IV. Partnerships are Key

We also welcome the increasing focus on partnerships among diverse groups of institutions at national, regional and global levels. As envisaged by the Conference, governments, private sector, citizens and civil society must work together towards a transparent and accountable global governance agenda.

We at the Asian Development Bank are proud to be associated with the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific for over a decade. We are encouraged by the growing recognition of the Initiative in our region.

I am also pleased that, in April this year, ADB joined the African Development Bank Group, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, and the World Bank Group in an agreement to cross debar

firms and individuals found to have engaged in wrongdoing in our development projects. The debarment carries both financial and reputational risks, and will be a major deterrent to wrongdoing in projects financed by the multilateral development banks. The new agreement offers an opportunity to deepen the cooperation among the multilateral development banks.

V. Conclusion

Let me conclude by saying that the fight against corruption is a challenge for all of us - as individuals, as institutions, and as members of the global community. The importance of collective "global action" as reflected in the theme of this Conference cannot be overstated. Serious governance and corruption challenges remain globally, as well as in the Asia and Pacific region. This situation is not acceptable and needs to change. But change will come only when the voice for change becomes louder than the voice of the status quo. This Conference provides an opportunity to identify results that we wish to collectively achieve. ADB stands ready to support and remains a committed partner in this endeavor.

Thank you.