

## World Bank aims to tackle corruption

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The World Bank Institute (WBI) – the capacity building arm of the World Bank – will publish details of World Bank funded contracts online which are currently valued at \$13bn.

It is hoped making the information publicly available will help tackle corruption and set an example for governments to follow by publishing their own dealings with private companies.

Georgia, which publishes public contract's particulars as well as correspondence surrounding the pre-award activities, original bids and government treasury payments, has already followed the lead, while Afghanistan has recently adopted a directive to publish information on mining deals.

Public-private contracts account for up to 70% of developing countries government spending, which explains the optimism that these policies can deliver better value for money in public investment and make major inroads against corruption.

However, there are worries that it will take years to cover the large number of contracts, and that the sub-contracts, which often determine where the funds arrive at the end of the chain, will create an exponentially growing challenge.

Legal challenges regarding issues of corporate confidentiality may provide further hurdles.

The EU too has recently brought in a new transparency initiative requiring companies to publish payments to foreign governments above €80,000 on a "project by project" basis, similar to the US Securities and Exchange commission's transparency policy brought into law by the Frank-Dodd Act.

The directive covers oil, mining and gas; and there is support from France to include forestry and fishing in the future.

The focus on extractive industries, it is hoped, will help tackle the resource curse and prevent bribes to government officials.

The resource curse theorises that developing economies based on natural resource extraction suffer from slower economic growth and other socio-economic malaise.

Although in the last decade the empirical basis for slow economic growth due to a dominant extractive industry has weakened, poverty and inequality have remained unaffected from the improving growth.

Confidence over the potential benefits of this policy is buoyed by the size of the extractive industry; Africa exports commodities worth five times the amount of aid entering the continent.

As with the WBI's initiative, the success of this policy relies on the ability of the public to scrutinise the data and hold governments and private companies accountable.

Critics question the accessibility of the information to the public in developing nations because the database will predominantly be online and internet coverage in much of the developing world is sporadic, painfully slow and very expensive.

Detractors also highlight the rarity of the skills required to inspect the figures and legal clauses, as well as the absence of a mechanism to levy complaints in many developing states.

The emergence of the Open contract initiative highlights the difference between two alternative views to progress international development; the focus on aid and achieving aid targets contrasted with improving the way trade and business is conducted.

This debate continues while there is still much argument over the existence of a neo-liberal bias in the global institutions charged with poverty reduction – stoked recently by the release of the World Bank's "ease of doing business rankings" which some say ignores poverty, inequality and corruption.

The EU is not exempt from this discussion with related criticisms levied at its bilateral economic partnership agreement negotiations with African states.

The International Development Society will be hosting an event on the related issue of transparency in the arms trade on Tuesday 13th November at 7PM in V/045.



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