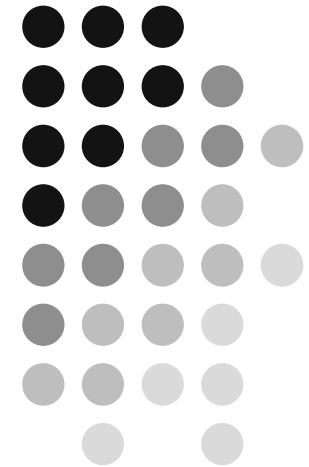


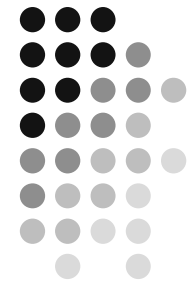
Alliances for Integrity:

**Transparency &  
Integrity in the MDG  
Quality of Life Goals**



***Bunmi.Oni@csplc.com***

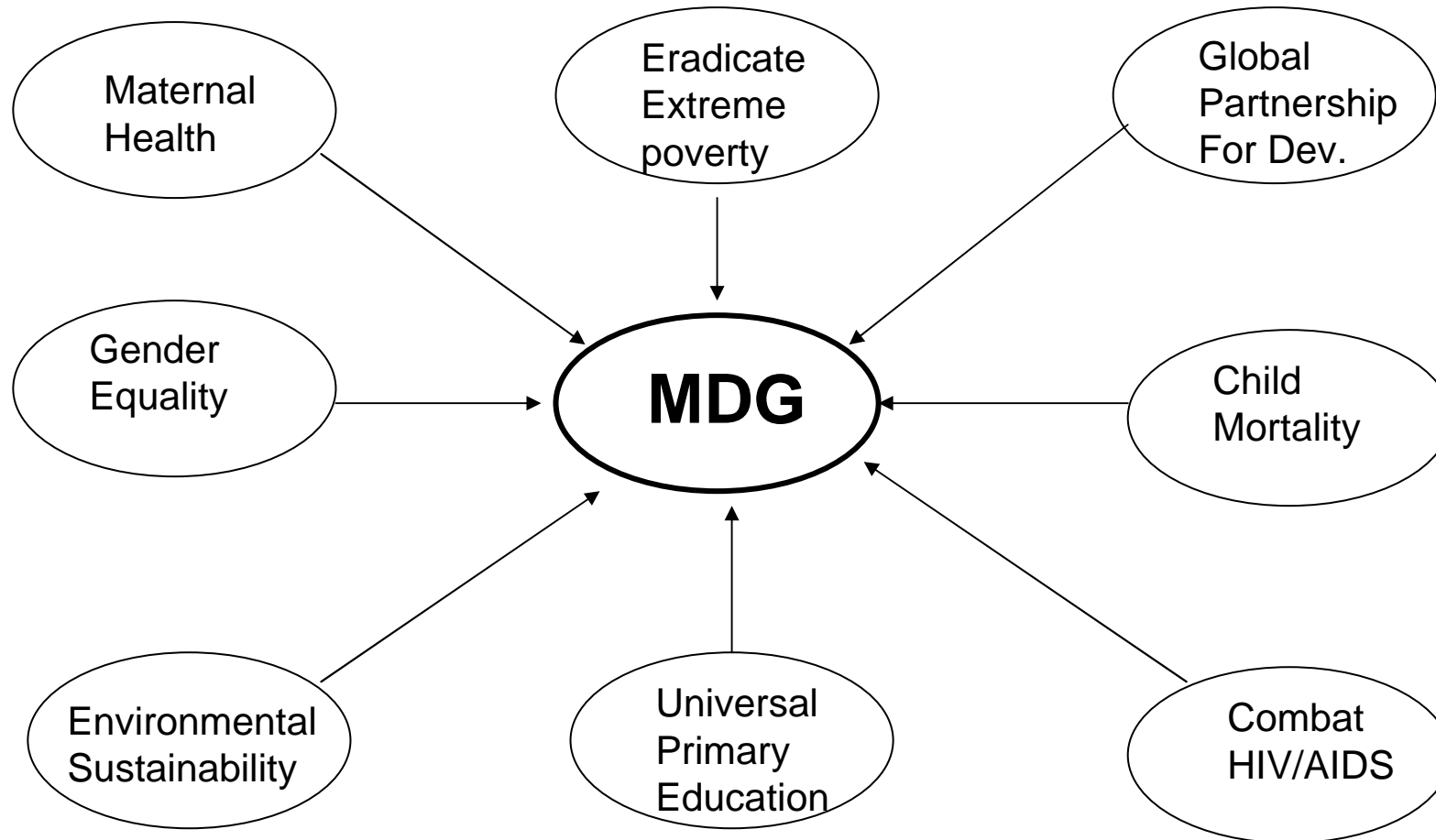
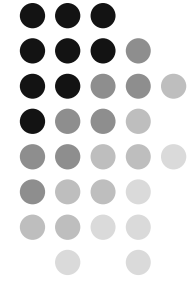
*March 7, 2005*



# Outline

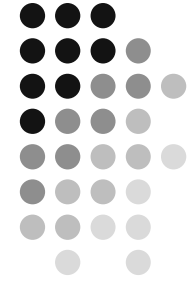
- MDG: The Issues
- Four key themes
  - Features of Africa's diverse economic models
- Transparency and Africa's development goals
- A roadmap for action and partnership
- The virtuous circle

# MDG: Its about investment

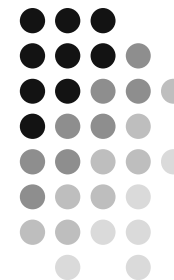


- Investment accelerates free enterprise which drives growth and raises **quality of life**

# The Issues



- Opaque systems create inherent inefficiencies
  - Breeding ground for corruption
  - Considerable discretion in policy implementation
- Distorts trade, increases poverty, undermines democratic process
  - Global corruption cost totals \$1 tr.
- Graft imposes >20% cost disadvantage
- Genuine investor scare
  - TI perception rating is real, even if not the total picture



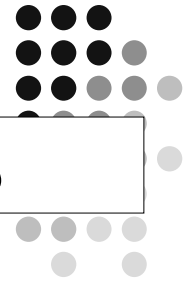
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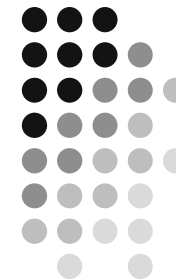
# 1. Structure of African economies

- Commodity trap
  - Many economies based on exploiting natural resources
  - Little value added and therefore import dependence
- Shallow markets
  - Unable to withstand shocks in the international arena
- Weak institutions and infrastructure
- Governance issues
  - Debt and disease burden
- Defective development model
  - Historically not people focused

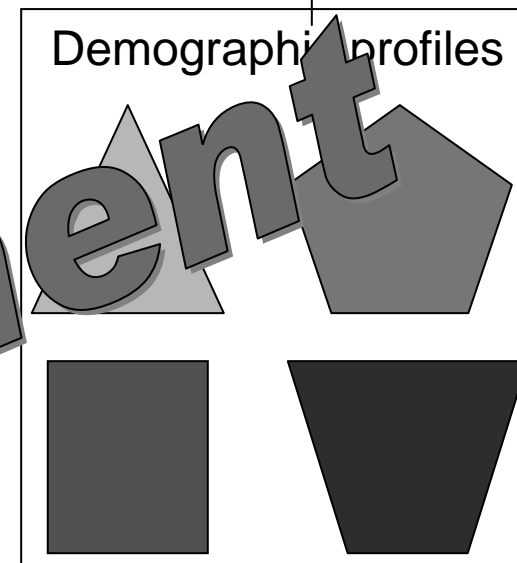
Functional Economy

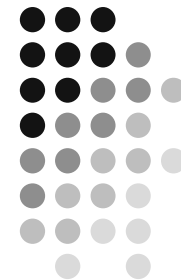


## 2. Job and wealth creation



- Demographic profiles
  - Young (dependent) populations
- Revenue source and job creation.
  - Revenue generating sectors do not create jobs
- Weak base line economic sectors
- Manufacturing 25% disadvantaged on cost



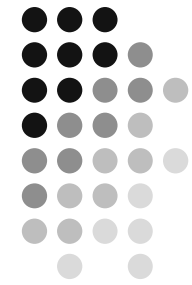


### 3. Investment flows

- Huge infrastructure challenge
- Low investments (low savings ratio)
  - Africa's GDP of \$460b only 1.5% investment of \$31,500b
  - Every % point incr. in FDI inflows raises GDP by 0.04%
- Lever for raising Corporate Governance standards
  - Stock market leverage for standards and enforcement
  - Market capitalization as % of GDP
    - SA 145%, Mauritius 35%, Egypt & Nigeria 33%
- Mind the gap
  - Managing intangibles (the Africa brand)

Accountability

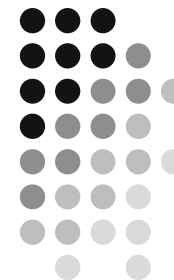




## 4. Large informal economy

- Informal sector thrives because of failure of the formal
- Fuelled by corruption (**Weakening of Business Diversion**)
- Imperative to create counterforce
- Asset rich but credit starved
  - Stagnant dead capital
  - Collateral for bankable projects and growth
- Major drawback to SME development

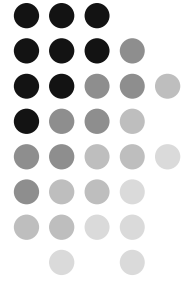
**Property Rights**



# Outline

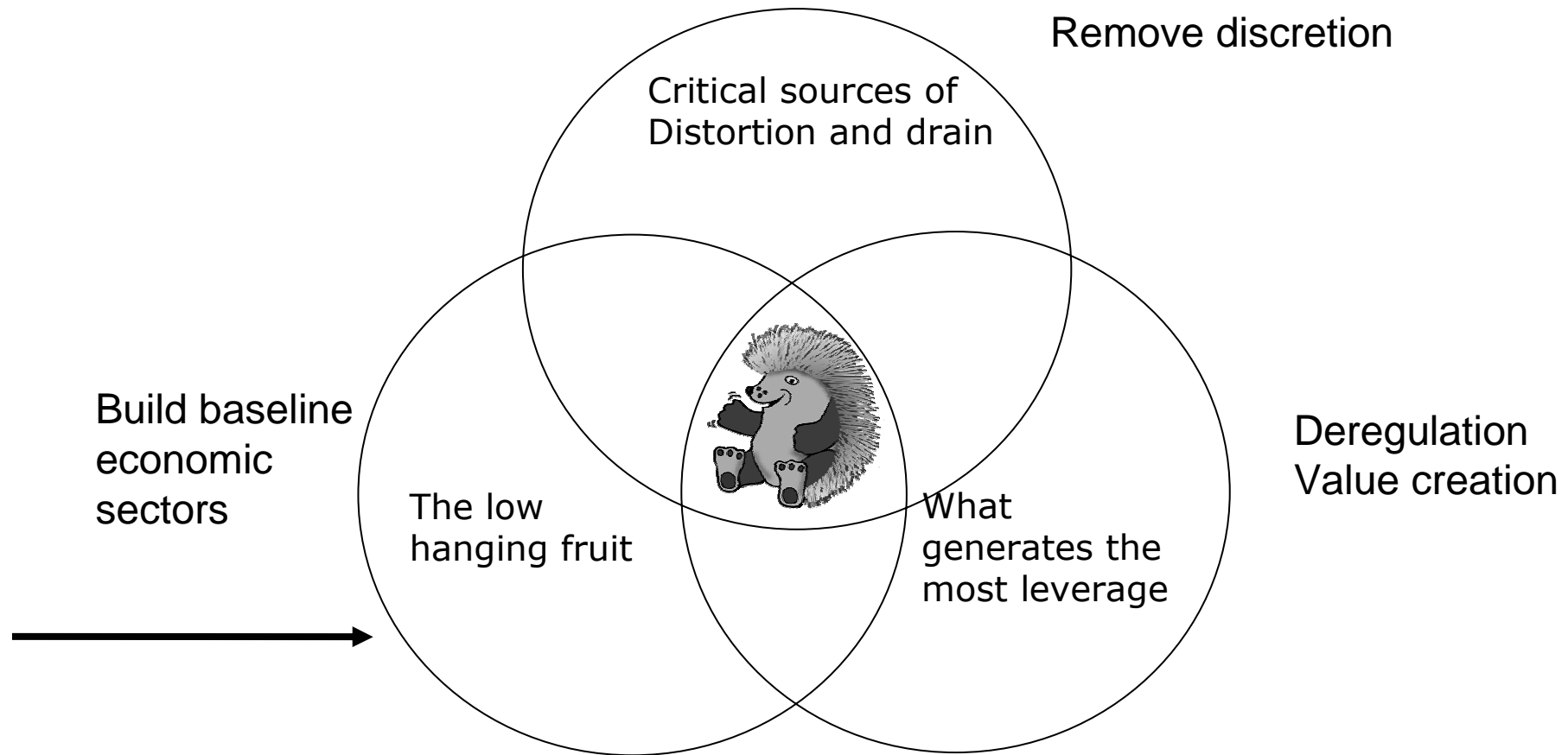
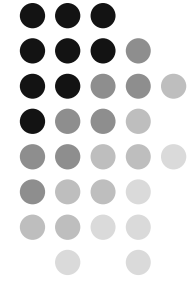
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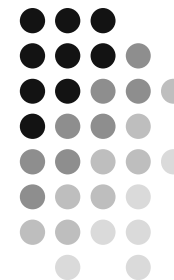
# T & I and Africa's dev. goals



- Creating a functional economy
  - Deregulation, inclusion, building industry from bottom up
    - Safety net for BOP
- Empowerment
  - Reduce cost of doing business
  - Capacity building
- Accountability
  - The environment for investor confidence
  - Competitiveness
- Property rights reform
  - Land reforms and IPR

# The Hedgehog principle

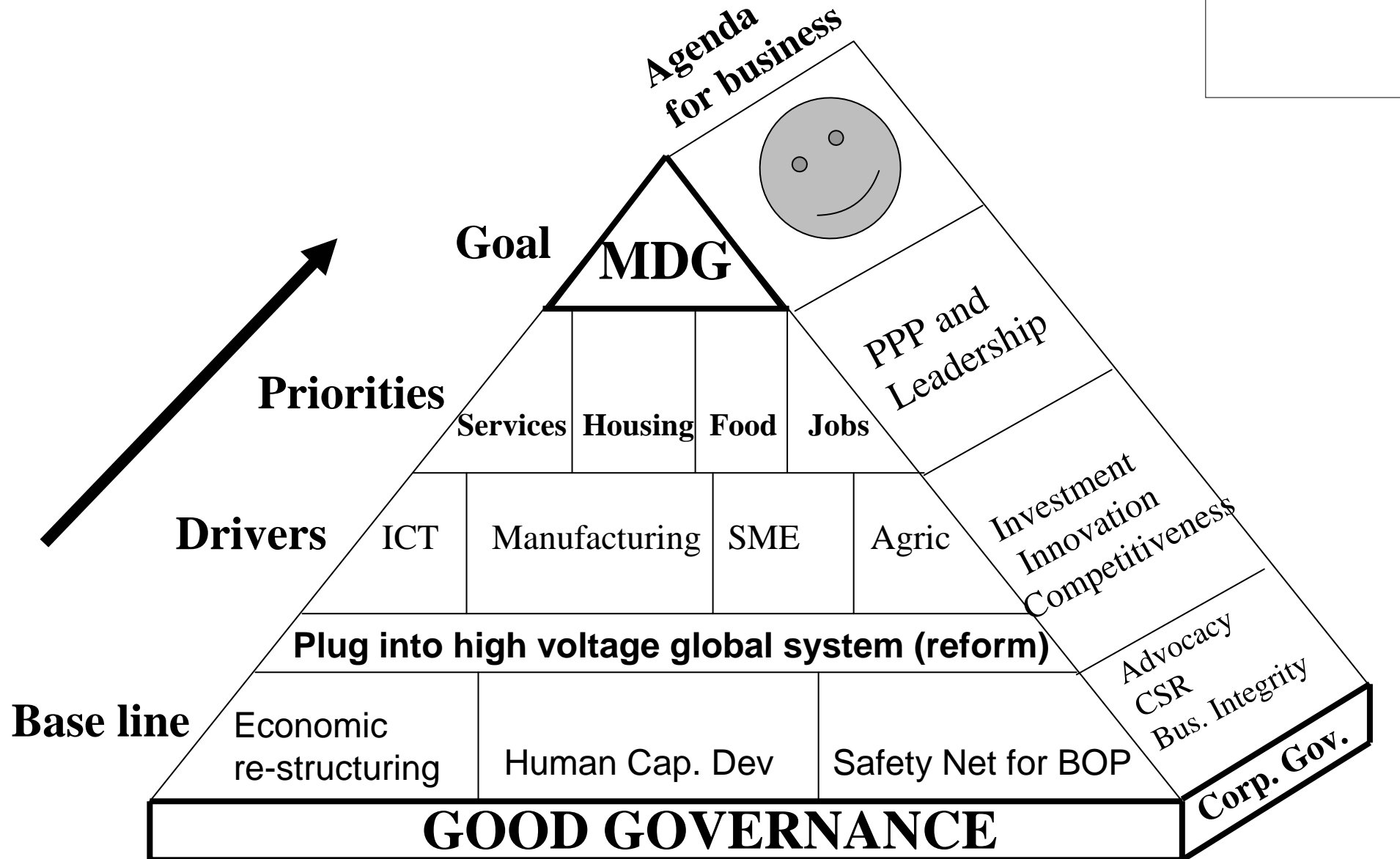




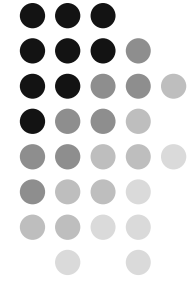
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# A roadmap for action & partnership

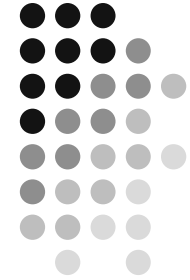


# Promoting transparency – Public Sector/Regulators' initiatives



- UN Convention against corruption
  - Criminalization, Prevention, Int'l cooperation, co-operation in implementation
- OECD Convention against bribery of foreign public officials in int'l business transactions
- AU Convention on preventing and combating bribery
- SEC CG Codes
- Pan African Consultative Forum on CG

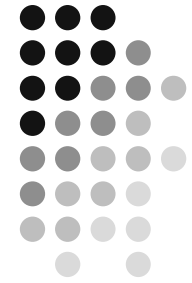
# Promoting transparency – Private sector/NGO initiatives



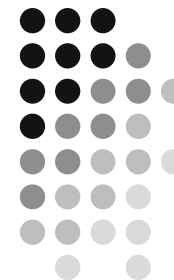
- Convention on Business Integrity
  - Signatories publicly commit to zero tolerance
  - Five Star (internal) rating system
    - Compliance ★
    - Ethics & Morals ★★
    - Transparency & Accountability ★★★
    - Will and power to do the right thing ★★★★
    - Commitment ★★★★★
  - Partnership with public sector
- Institute of Directors
  - Corporate Governance and Ethics Codes



# Some public sector initiatives in Nigeria



- Independent Corrupt Practices Commission
- Extractive Industry Transparency Initiative
- Finance Industry reforms
- Economic & Financial Crimes Commission
- Due Process in public procurement
- Revamped multi-year budgeting process
- Fiscal Responsibility Act



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# The virtuous circle

