

## In the Fight Against Developing Country Corruption, Don't Ignore the Role of the Rich Countries

---

June 25, 2007



Ngozi Okonjo-Iweala, the former finance minister and minister of foreign affairs of Nigeria, has called on the U.S. and other rich countries to pay greater attention to the ways in which their policies and practices undermine anti-corruption efforts in the developing world.

Developing countries themselves must lead the fight against developing country corruption, she said. But rich countries, too, must consider how they sometimes "aid and abet" corruption that hurts poor people and costs developing countries billions of dollars.

Okonjo-Iweala spoke at the second annual Sabot Memorial Lecture, which honors the memory of Richard "Dick" Sabot, a farmer, Internet pioneer, and development economist who was a founding member of the Center for Global Development (CGD) board of directors.

"At the end of the day, developing countries need to take ownership of the fight against corruption themselves, as they can least afford to be corrupt given their resource constraints," she said. "A frontal assault on corruption requires a comprehensive strategy, as any piecemeal approaches may only serve to re-direct corruption to other sectors of the economy."

As finance minister in Nigeria from 2003-2006, Okonjo-Iweala led the team that brokered Nigeria's historic \$36 billion debt deal, Africa's largest debt relief package and the second largest debt relief package in the world after Iraq. She also instituted the practice of publishing in the newspapers each month the Nigerian federal government's allocations to Nigeria's states, using transparency to fight corruption.

Okonjo-Iweala was named a *TIME* Magazine "Hero of the Year" in 2004, for her efforts to bring openness, transparency and accountability to government financing and operations. She received the Euromarket Forum Award for Vision and Courage in 2003 and is currently a distinguished visiting fellow with the Brookings Institution.



More than 130 development policy practitioners and scholars attended the lecture in the Fred Bergsten Conference Center at the Peterson Institute for International Economics. Robert Zoellick, the U.S. nominee to become the next president of the World Bank, sat in the front row, taking careful notes.

Also attending the lecture were members of the Sabot family, including Oliver Sabot, who spoke about his father's legacy of "gratitude and radical optimism;" Edward W. Scott, Jr., CGD co-founder and chairman of the board of directors; and CGD president Nancy Birdsall.

Okonjo-Iweala said that there were four ways in which developed countries could support developing countries' fight against corruption. (See Okonjo-Iweala's prepared [remarks](#).)

First, she said, was to look beyond economic and financial corruption to consider political corruption--specifically the use of ill-gotten gains to fund elections. "If the West is serious about supporting multiparty democracy in developing countries, then why not look at the issue of campaign finance?" she said. Disclosure of campaign finances was an important step, but ultimately public financing of campaigns would be a better solution, she said.



The second area is assisting in tracking and repatriating stolen funds that are laundered and hidden in rich world banks. In Nigeria, for example, from 1993 to 1998 the Sani Abacha regime looted and sent abroad an estimated \$3 billion to \$5 billion, much of it to Swiss banks. (Switzerland has since agreed to repatriate about \$500 million of the frozen funds.)

A third area, she said, is bribery prevention. Okonjo-Iweala cited *Financial Times* press reports that describe how an international consortium that included Kellogg, Brown and Root, the Halliburton subsidiary, obtained a lucrative \$12 billion oil and gas project in Nigeria after hiring a "consulting" firm and discussing making payments of \$180 million to the foreign accounts of Nigerian officials. "You can surmise that Nigerians collectively paid the price in terms of higher costs for this diversion of contract monies into private pockets," she said.

Finally, she said, rich countries must set a good example. "The moral authority of developed countries in the battle against corruption is weakened when these countries condone corruption in their own countries, and yet expect developing countries to tackle corruption more severely," she said.

"Giving kleptocrats in developing countries an opportunity to point to cases of corruption in the U.S. legislature, or with U.K. defense contracts, or with German manufacturers, truly undermines the fight against corruption in all our countries!"

Okonjo-Iweala urged CGD to begin researching how rich countries can do a better job in supporting developing countries' fight against corruption, particularly in the first area of political corruption.

Birdsall thanked Okonjo-Iweala and said that the Center would do its best to make a substantive, practical contribution in this important area.

[Access event transcript](#)

1776 Massachusetts Avenue NW, Third Floor, Washington DC 20036  
Tel 202.416.0700 | Fax 202.416.0750

© 2007 Center for Global Development.