



TI-USA Welcomes Multilateral Development Banks' Cross-Debarment Agreement

FOR IMMEDIATE RELEASE.

Washington, DC, April 9, 2010 – Transparency International-USA welcomes today's announcement by the World Bank and four other regional development banks (MDB) that they will enforce each others debarment of firms and individuals engaged in wrong-doing in MDB-financed development projects.

Corruption continues to pose a major challenge to development effectiveness. The World Bank estimates that corruption adds 5-20 percent to the cost of Bank-financed projects, wasting scarce development resources. Transparency International's Bribe Payers Index also indicates that foreign bribery appears to be a serious challenge.

Debarment, and particularly cross-debarment, should serve as a powerful deterrent to bribery and other corrupt practices in international development. The agreement's coverage of individuals as well as firms debarred for more than one year is very important, given that agents or individual consultants facilitate many corruption schemes.

"Today's coordinated action on enforcement builds on prior valuable MDB efforts to harmonize definitions and due process protections, sending a clear signal that corruption will carry serious consequences," said Nancy Boswell, President and CEO of Transparency International USA (TI-USA). "However, the agreement's effectiveness will depend on judicious use of its derogation provisions and similar action by other development banks, such as the European Investment Bank, which are not part of this agreement."

Debarment and other sanctions are important components of the Banks' anti-corruption programs. They should be complemented by preventive measures, such as requiring all contractors on Bank-financed projects to have effective compliance programs and encouraging borrowers to sanction public officials who participated in the alleged corrupt practices.

***Note to editor:** The agreement includes the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group and the World Bank Group.*

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