



*As prepared for delivery*

**KEYNOTE ADDRESS**

“Promoting Good Governance by Curbing Corruption, Money Laundering and Cybercrime in the Caribbean”

***By***

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at the

Caribbean Conference on Corruption, Compliance, and Cybercrime

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## Introduction

It is my pleasure to welcome you, this morning, to the second annual Caribbean Conference on Corruption, Compliance, and Cybercrime; or as we say here at the Bank, the 3Cs Conference.

We have chosen as this year's Conference theme, "Ending Poverty and Driving Growth: Promoting Good Governance by Curbing Corruption, Money Laundering, and Cybercrime in the Caribbean." This is meant to bring to centre stage and to give primacy to the catalytic role of good governance in promoting sustainable economic growth.

It is well recognised that **poor governance** provides opportunities for corruption, defined as the abuse of public office for private gain. In turn, corruption leads to distrust in government, undermines market integrity, distorts competition, weakens effectiveness of institutions, and stymies sustainable economic development.

Money laundering can undermine the integrity and stability of the financial sector, affecting regulatory effectiveness, cross-border financial flows, and correspondent banking relationships. Cybercrime is pernicious, being capable of digital, economic, psychological, and societal harm. With effects including loss of consumer trust and theft of financial assets and intellectual property, global losses from cybercrime have been rising sharply, aided by the increase in remote working during COVID-19.

The promotion of **good governance** has always been at the core of the Caribbean Development Bank (CDB) mandate. Through our Charter, the Bank has a fiduciary duty to ensure that every dollar of development funding reaches its intended beneficiary. To achieve this objective, we have established governance as a cross-cutting component of our business strategy.

Internally, we instituted in 2015 a Strategic Framework for Integrity, Compliance, and Accountability. This led to the establishment of an independent office to manage the risks posed by malpractices, including corruption, money laundering, terrorist financing, and cybercrime. This Office also helps CDB to meet its fiduciary duty through internal training, capacity building, thought leadership, and outreach to our Borrowing Member Countries (BMCs).

Externally, our Strategic Plan 2020-24 outlines how the Bank promotes the adoption of good governance practices as a critical tool to secure sustainable development outcomes that are in line with the 2030 Sustainable Development Goals. Among other measures, this entails effective engagement on and supporting our BMCs in identifying and taking relevant action to counter the factors that can disrupt economic development and exacerbate poverty.

## Conference Agenda and Objectives

This flagship event is at the vanguard of our efforts to strengthen awareness of benefits and promote good governance as standard practice across institutions in our region. We focus specifically on three aspects related to the broad topic of governance: corruption, compliance, and cybercrime. As part of our multi-faceted approach, the 3Cs Conference has been designed to empower our stakeholders to learn, share, and collaborate. In this regard, we have four objectives:

- (1) **identify and define the challenges that hinder effective development** and determine how we can design solutions to overcome them. This can be achieved, firstly through thought-leadership, and secondly through action while learning from our mistakes and responses. For instance, whenever new risks and methods of corruption and money laundering emerge, we must evolve and design new solutions.
- (2) **engage in innovative education** by going beyond basic assumptions to ensure a greater understanding of the nature and corrosive impact of corruption on the economic and social development of the Caribbean. We must facilitate expert independent critical thinking outside of what we know currently and then facilitate the sharing of information about what solutions can work for the Caribbean. There is a need to constantly communicate and to raise awareness in all sections of the region's population.
- (3) **design and deliver enhanced capacity within CDB and the region** to strengthen our ability to detect, prevent, and investigate corruption and other corrosive conduct. We can do this by encouraging and conscripting others at the regional, national, individual, and institutional levels to join the fight against corruption, and money laundering, and to counter cybercrime initiatives; and
- (4) **collaborate with our partners** (like we are doing today), to create the right environment for learning and sharing as well as to engage in fresh and intellectually stimulating imaginative conversations about new and innovative ideas and approaches to combatting these threats to the economic future of our region. This approach will help us to become active creators of knowledge that can inform decision creation.

In addition to achieving these aims, the Conference agenda has been designed to identify and highlight the root causes of corrupt practices while prescribing systems, processes, and measures to prevent or disrupt them. It will examine drivers of corruption, prevention strategies, and methodologies for investigation.

The programme will also address Cybercrime in the Caribbean context with new expert insights on emerging trends and solutions.

On the matter of money laundering, an expert panel will examine whether our regional approach to anti-money laundering and combating the financing of terrorism compliance is fit for purpose.

Additionally, because corruption affects every citizen across the region, the Conference will assess the impact of corruption on specific segments of our society including women, youth, the Private Sector, Civil Society, and the Media. We also have a panel that will delve deeper into the role of the Private Sector in curbing corruption, money laundering, and cybercrime.

In keeping with CDB's core social and economic development agenda, we have also included two roundtables on the role of governance in the drive to end poverty and facilitate growth.

Two panels will address how good governance and combatting corruption can be achieved amidst perpetual uncertainty, particularly in the shadow of the COVID-19 pandemic.

Also, two new and exciting additions to this year's programme are the panels that will tackle the hot-button issues of corruption and COVID-19, and corruption and climate finance. These discussions are both timely and relevant as effective governance is particularly crucial at this very moment when the region is addressing multiple challenges in health, education, social welfare, and economic development.

The conversation around corruption and climate finance is timely in the wake of the recently concluded United Nations Climate Change Conference of the Parties (COP26). As is the case in most small island developing states, the need for climate finance and favourable access conditions is a matter of life and death for Caribbean countries. However, the sizeable financing required to address infrastructural and economic vulnerabilities and to recover from shocks, may also present opportunities for corruption. At all costs, **access to affordable climate financing must be protected from mal-administration and corruption.**

The U4 Anti-Corruption Resource Centre has warned that with vast sums being invested in mitigation and adaptation interventions, corruption is threatening the attainment of global climate change goals<sup>1</sup>. Furthermore, the Centre has advocated for the development of appropriate and effective anti-corruption tools and strategies to ensure climate finance is optimised for impact and success.

This issue is of specific concern to CDB, which is at the forefront of the drive to access affordable climate finance for our BMCs. Given the immense need throughout the region, our member countries cannot risk any form of sanction that could limit their access to these resources. We, therefore, **urge our BMCs to be vigilant and to put in place strong monitoring, compliance, and accountability frameworks** to not only secure climate financing, but to facilitate timely implementation of climate change interventions for the benefit of the peoples of our region.

The importance of effective governance systems cannot be overstated, especially as the region will need to raise financing from private sources which already account for more than 50% of available climate funding. A recent op-ed in the international online news magazine, **The Diplomat**, advised that to mobilise private investment in climate-related initiatives, developing countries like those in our region, will need to have in place adequate procurement safeguards and effective anti-corruption enforcement mechanisms. As a corollary, without adequate and internationally recognised standards on procurement and other governance mechanisms, our ability to mobilise the much need private investment will fall short.

The region's current economic and social challenges should be more than enough incentive for us to take the appropriate action. Instituting suitable systems for accountability and compliance are necessary for building investor confidence and attracting investment for the achievement of sustainable development.

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<sup>1</sup> Corruption and climate finance: Implications for climate change interventions <https://www.u4.no/publications/corruption-and-climate-finance>

## Good Governance and Development

At CDB, we view development as a holistic process with strong governance systems as an integral element of the region's economic and financial ecosystem. At a fundamental level, governance is a broad concept covering all aspects of how a country is governed, including its economic policies, regulatory framework, and adherence to rule of law. As such, good governance can be characterised as the practice of embracing transparency, accountability, and responsibility across all stakeholder segments of the society.

Good governance establishes credibility which is a critical prerequisite for accessing resources. Good governance engenders trust, which facilitates the collaboration necessary to achieve collective goals. Importantly, **embracing good governance is a choice, a choice between building or breaking credibility.**

Governments and organisations can all support this objective of making governance the pedestal of credibility by fostering adherence to the rule of law, establishing and maintaining effective legal and regulatory frameworks, and by pursuing anti-corruption policies that promote trust and build integrity.

From our perspective, trust is like a relay race. Creditors trust CDB with the “baton of development resources”; and in passing this baton to our Borrowing Member Countries, we need to ensure that they have in place the requisite measures to identify and counteract any action that can inappropriately, inefficiently, or corruptly divert these resources and disrupt economic development.

This takes us squarely back to our theme – and indeed to CDB's objective – “Ending Poverty and Driving Growth”. The United Nations Office on Drugs and Crime<sup>2</sup> (UNODC) has warned that “the attainment of the United Nations Sustainable Development Goals (SDGs) can be derailed through many forms of corruption”. In fact, UNODC has stated that “under conditions of diminished State capacity, nations fail to eradicate poverty, address hunger, secure good health care and high-quality education for their citizens, guarantee gender equality and other human rights, and reduce inequality.”

UNODC also cautioned that corruption in developing countries may cause underdevelopment if international economic and humanitarian initiatives fail due to undesirable practices such as embezzlement, bribery, and cronyism or when investment in physical capital and human capital is reduced as resources are diverted from their most beneficial use.

The negative impact of corruption on sustainable development is well established with the Director of the Keynes Fund at the Faculty of Economics, University of Cambridge Dr. Toke Aidt, warning that corruption can put a country on “an unsustainable path in which its capital base is eroded”. This reduction in the capital base adversely affects a country's productive potential and its Gross Domestic Product (GDP). Let me point to a simple example to illustrate this linkage. Poor procurement systems contribute to inflated prices for goods and services, a lower return on investment and rising debt, sometimes to unmanageable levels. The International Monetary Fund has estimated that bribery alone costs USD1.5 - 2 trillion per year, which is equivalent to a total economic loss of approximately 2% of global GDP.

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<sup>2</sup> <https://www.unodc.org/e4j/en/anti-corruption/module-1/key-issues/effects-of-corruption.html>

The discussion on cybercrime is also quite timely as we embrace the potential of a secure, single, digital space, capable of transforming the region's productive capacity. In adopting digital technologies such as cloud computing, artificial intelligence, and big data, **we need to put in place relevant cybersecurity governance**, including policies and processes to detect and prevent cyber threats and cybercrime. A recent report by Cybersecurity Ventures estimates that global losses from cybercrimes could top USD6 trillion in 2021, from USD1 trillion in 2020.

Weak governance, therefore, places our economies and societies in peril; and CDB's anti-corruption outreach is yet another means through which we can support sustained and resilient economic development in our region.

### **Target groups**

We have designed the 3Cs Conference to ensure that a broad, diverse, and inclusive spectrum of stakeholders can benefit from the matters covered on the agenda.

In this regard, while we have targeted professionals directly involved in various facets of anti-corruption, law enforcement, governance, compliance, government, legal, and legislative disciplines, we have also broadened the scope of the conversation by including gender experts, media practitioners, academics, and importantly, youth and students.

A key goal of 3Cs is to reach young people of all ages and to give them a head start in devising effective solutions to some of our perennial problems so that the next generation of decision-makers can be equipped to address ongoing and emerging challenges confronting the region.

Our audience includes participants from more than 40 countries; and expert speakers will join from across the world. Significantly, the panellists and presenters will adapt approaches to the regional context and circumstances. They are aware of the importance of avoiding a one-size-fits-all approach, and of recommending tailored solutions to address unique features of individual cultures and contexts.

### **Closing**

The best path forward for the Caribbean depends on how well and how quickly we can equip ourselves with relevant knowledge to recover smartly from any kind of crisis. However, good governance and integrity must be employed for us to achieve sustainable growth and resilience in the shortest possible time.

We have organised this Conference just ahead of International Anti-Corruption Day, which will be observed on December 9. That Day is an occasion not only for reflection but also for accountability across the global community. 3Cs is part of the CDB's efforts to equip our BMCs with the strategies, practices, and methodologies to participate vigorously in that global conversation.

I challenge each of you to make the most of this great opportunity to share ideas and craft solutions that can truly transform our region into sustainable, resilient, and inclusive economies where the citizens enjoy security, health, and sustainable livelihoods.

I thank you for the courtesy of your attention.