



MO IBRAHIM

Chairman of Mo Ibrahim Foundation

Thank you. Let me start with the issue of governance. When governance is mentioned, people think about governance in government, which is what everybody is focusing on in Africa. My Foundation publishes annually an index which measures the performance of African governments. In our view, good governance is the basis of any development or any civilised society. We think that the problems in Africa are mainly a result of failure of good governance and leadership over the past centuries. We have to face this.

As a civil society, we decided that it would be useful to produce a scorecard to ensure governance accountability. We defined governance. In our view, it is the common basket of public goods and services that all contemporary governments are due to deliver to their citizens. This covers a wide area, from sound economic management of public finance to human development, a universal education system, which is working and delivers, a health system, which is working and delivers, to the issue of rule of law, which is not just about writing a nice constitution – it is about how it actually works on the ground. Do poor people in a rural area have access to courts? Is it easy to access the judiciary? Are kids safe to walk in the streets? Then of course there is participation, human rights and other things.

This is the governance basket. The Ibrahim index presently covers 88 indicators available every year for every African country. It is a huge database produced every year, which now covers 10 years. What is interesting, more than seeing where each country sits on the current year, is to understand where each country is coming from. Who is moving up? Who is moving down, in what area? This is an extensive scorecard for our African governments. We are taking them to account. But we also need to discuss the issue of governance in the private sector because it seems that there are a number of issues there, which are causing a lot of problems.

We are concerned about transparency, illicit financial transfers and rents, especially in natural resources. It is time to switch on the light to see what is happening there. It is very interesting. In the UK last month, there has been a huge outcry against Starbucks, JP Morgan and other big companies, which do big business, make a lot of profit and do not pay any taxes. I read yesterday that Starbucks promised to pay £20 million as a contribution. JP Morgan is about to pay 400 million or 500 million towards taxes that should have been paid, but went offshore. There are a lot of these kinds of stories. It is interesting that in hard times here in Europe, people are starting to look at these issues.

Now, in Africa, this is happening all the time, and it is not only in Africa, but everywhere. I was reading an interesting case about Chevron, who had a copper mine in Chile. For 20-odd years, they never paid a penny in tax because every year, they recorded a loss. Then they sold it for \$1.5 billion and you think, 'Who could buy an asset that has been losing money for 20 years?' What transpired actually was that the mine was profitable, but it got a large loan with a fantastic interest rate from a financial subsidiary of Chevron, which is based offshore. The mine kept paying interest to Chevron that was way above the market, and recording losses for 20-odd years.

Now, is this governance or is this theft? That is the issue. We are talking about major companies in our economies here. What is happening? We had problems with the banks, where some of the principal pillars of our capitalist system ended up with a very strange model, where if they make a profit, they keep it, if they lose money; they come to the taxpayers and ask for a bailout. Is this capitalism? What rules are they following? How can they do that? There are a lot of issues. We need to think about it. Can we move forward with all these issues?

We talk about corruption, but corruption always has two partners. It takes two to corrupt, as it takes two to tango. Why does the private sector always escape scot-free? It is sad. Last month, OECD reported about France not being serious about dealing with corruption. What has happened here over the last 10 years? This is OECD speaking, based in Paris. This is not from an activist civil society group. Are we really serious about sorting out this world we live in, or are we just paying lip service?



In 2008, we had the big financial crisis. We were told that banks were too big to fail. Four years later, do we still have banks that are too big to fail? Has anybody asked what happened about this? I wish somebody would look at what happens to political leaders when they retire. Where do they go? Many of them actually end up in the big financial companies. Is there an invisible revolving door between politics and financials, and if so, is this healthy for our democracy?

These are the issues that are facing us and I think if we are serious, we need to look at these things.