

Riza affair 'threat to anti-corruption agenda'

By Krishna Guha in Washington

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Transparency International, a non-governmental organisation, warned yesterday that the Shaha Riza affair could undermine the World Bank's ability to promote a corruption-fighting agenda.

The NGO was "deeply concerned that the current controversy could negatively affect the Bank's wider anti-corruption efforts, in particular the governance and anti-corruption strategy."

The bank is in turmoil over revelations that Paul Wolfowitz, its president, was personally involved in securing a large pay rise as part of a secondment package for Ms Riza, his then girlfriend.

TI - which must decide whether to abandon the man who championed its anti-corruption agenda - blamed "serious errors of judgment" and a "breakdown in the system for handling conflicts of interest" for the Riza affair.

The bank's "credibility" relied on its senior officers "upholding the highest standards of integrity and accountability".

Unlike other NGOs, it did not call for Mr Wolfowitz's resignation but said "transparent and swift resolution of this situation is critical".

In an interview with the FT, Huguette Labelle, TI's chairperson, said: "One of the things they need to assess in that [process] is the future credibility of the bank." Ms Labelle stressed that a lack of clear rules and procedures might have contributed to Mr Wolfowitz's actions. But she admitted that: even in the absence of such rules "he should have recused himself - that would have been the approach to follow in this situation".

"In cases like this it is very important that people separate their personal life from their professional life. She was "concerned that this situation derails the role of the Bank, derails its mandate, derails its capacity to implement the governance and anti-corruption strategy." This would delight "those who may not be pleased to see the Bank acting forcefully in this area".

However, she added: "I think it is important that this be in the public domain. If it is staff or board members who have put it out, I think a service would have been rendered."

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