NEWS HIGHLIGHT

World Bank president commends Mauritius for investor protection

The World Bank president, Mr. Paul Wolfowitz, has commended Mauritius (along with Malaysia and South Africa) for ranking among the top 10 countries in the world in terms of investor protection.

Mr. Wolfowitz added that developing countries must improve business conditions and run their public and private sectors in a transparent way if they want to attract investors and fight poverty. “It’s true that vast amounts of international capital are potentially available to help developing countries grow and create jobs and provide opportunities for their people to escape poverty, but to access that capital, to attract investors, developing countries especially, the poorest ones, need to improve their investment climates and ensure that these resources, private and public, are managed in a transparent way,” he told the International Corporate Governance Network in a speech in Washington (6 July 2006).

"This is absolutely vital for harnessing the entrepreneurial energy of the private sector. Today, the private sector accounts for 90 percent of jobs in the developing world and ultimately, it will be these jobs that offer the most promising path out of poverty," he added.

Mauritius has been ranked tenth amongst the countries which best protect investors by one World Bank Group report, *Doing Business: Protecting Investors* (2006). This report rates countries on the strength of an investor protection index, which distinguishes three factors: transparency of transactions, the extent of director liability and the ease of shareholder suits. According to this index, Mauritius has joined the league of the countries which best protect investors.

Mr. Wolfowitz further outlined that a study carried out by the World Bank showed that U.S. mutual funds are more likely to invest in emerging markets with strong shareholder rights, legal frameworks and accounting policies. While small in comparison, foreign investment between developing countries is growing five times faster than developed-to-developing investments, and nearly tripled to $47 billion in 2003 from $14 billion in 1995, he said.

“Corporate governance is one essential component of building a healthy investment climate and boosting investor confidence. We know that companies with well-defined shareholder rights, solid control environment, high levels of transparency, and disclosure, and an empowered board of directors, have no trouble attracting investors and lenders,” Mr. Wolfowitz said.

Source: worldbank.org, Reuters.