



# Strengthening Governance, Tackling Corruption

The World Bank's Updated Strategy and Implementation Plan



On line consultation  
January 2012

# Outline

- I. Context for the GAC update**
- II. Implementation experience**
- III. Strategy for the GAC update**
- IV. Issues and questions for discussion**



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## Context for the GAC update

# The global context

Governance is the topic of the day and it matters

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## Governance is front page news

- ❖ Voice and citizen accountability issues are front page news
- ❖ We are living in an interconnected world: increasingly all citizens have access to information
- ❖ Citizen-state relations have risen to the top of the development agenda
- ❖ GAC objective remains to help build capable **and** accountable states

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## And events buffet the Bank.....

- ❖ Sweeping changes in the Global South: social movements bringing change
- ❖ Global financial crisis, food crises, climate change, the *Arab Spring*
- ❖ ...demanding that the Bank be ever more agile, flexible and responsive

The GAC update must respond to these dramatic events

# Within the Bank

A strong authorizing environment to push boundaries

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❖ **GAC did not invent governance, but it has become an increasingly central part of the development agenda**

❖ **Strong authorizing environment**

- ‘New Word, New World Bank’ paper emphasized strengthened governance and managing risks as strategic pillars
- The World Development Report of 2011 on Conflict and Security emphasizes legitimate institutions and security
- President Zoellick opens up new authorizing environment for transparency and accountability (Peterson Speech, April 6, 2011)
- Open Bank: Access to information policy; Open data policy; Publish what you fund

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## ii Implementation experience

# Implementation strengths (i)

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- ✓ governance matters for development effectiveness; but a problem solving approach must replace a 'best practice' approach
- ✓ strengthening country systems is vital, but there are no simple, short-cut ways to build them
- ✓ governance improvements often stem from citizen demands
- ✓ strengthening governance in-country requires a clear diagnostic assessment: we need to focus on causes not consequences
- ✓ the first phase of GAC saw much experimentation with 'smarter', GAC-responsive, project design
- ✓ ICT media are opening up many new possibilities for improving accountability and responsiveness

# Implementation strengths (ii)

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- ✓ the recommendations of the Volcker Report on how the Bank can better guard against malfeasance have been implemented
- ✓ Bank's work on integrity has seen a step-change: a Preventive Services Unit works with country teams to identify high risk projects
- ✓ an effective sanctions regime is now in place; 'cross-debarment' with other multi-lateral banks has been agreed
- ✓ Governance and anti-corruption issues re-emphasized as the corporate top priority



# Implementation challenges

The Independent Evaluation Group report on the first phase of GAC noted some important challenges remaining:

- ✘ the Bank needs to help countries address governance challenges by identifying trade-offs (short vs long term, services now vs capacity development etc)
- ✘ although many Bank staff supportive, implementation remains patchy
- ✘ improve the management of risk, reflecting the use of different instruments in different country contexts
- ✘ provide more sector and country specific guidance to operational staff on governance and anti-corruption issues
- ✘ More effective senior level management and oversight

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## iii Strategy for the GAC update

# Strategy for the GAC update (i)

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The GAC update is underpinned by revised or new approaches to the Bank's work in five thematic areas:

- public sector management
- the private sector
- demand for good government
- procurement
- the judicial sector

- to **systematize and scale up the successes** of the first phase of GAC:
  - variety of entry points; encouragement of innovation; GAC issues incorporated into country plans; increase in focus on country strengthening
- to develop a much **more rigorous results framework** in order to monitor and assess progress
- to put in place a **more effective approach to risk**
- to implement a **modest yet stretching global GAC program**
- a more empirically-based and pragmatic approach to **system strengthening and institutional development**

# Strategy for the GAC update (ii)

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- **regarding institutions:** we will continue to emphasize the demand side, while ramping up our work with institutions that connect citizens to the state
- **the results agenda:** the results chain outlined in the Strategy and Implementation Plan is stretching. The challenge is to identify (a) credible indicators for institutional development, and (b) to research and demonstrate how better institutions contribute directly to better development outcomes
- **risks are inherent in development:** the challenge for the bank is to promote risk management rather than risk avoidance. We need to put in place systems that identify, and differentiate among, different sorts of risk (fiduciary, implementation and reputational risk), and which monitor risk at the portfolio level
- **the global GAC program** proposes better to align the various strands of existing work (EITI, StAR etc) and to increase their impact at country level

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**iv Issues and questions for discussion**

# Issues for the on-line Discussion

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- ? The updated Strategy and Implementation identifies five priority areas. Are these the right ones? Are there other areas where you think the Bank could do more to strengthen governance and tackle corruption?
- ? How ambitious should the Bank be? We cannot formally *commit* to achieving in-country 'governance improvements' as the Bank is one small player among many, and the question of 'attribution' always remains.
- ? The Bank needs simultaneously to maintain the highest fiduciary standards, while at the same time strengthening country systems and institutions. Does the update strike the right balance and ambition?
- ? How should the Bank approach risk in its operations?
- ? Have we got our approach to deteriorating governance environments right?
- ? Please add any other comments you would like us to consider.