

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK**



AUSTRALIA, NEW ZEALAND

(JANUARY 24, 2007)

Participants: 11 participants, 4 from Australia (CSO and government) and 7 from New Zealand (CSO and government)

Australia

- Paul O'Callaghan, Executive Director, Australian Council for International Development
- Peter Zoller, Consultant, Australian Council for International Development
- Alex Maroya, Coordinator, Government and Economic, Australian Council for International Development
- Suzanne Murray, AusAID

New Zealand

- Cameron Cowan, Institutional Strengthening Advisor, Strategy Advisory and Evaluation Group, New Zealand Agency for International Development (NZAID)
- Rae Julian, Executive Director, NZ Council for International Development (CID)
- Rose Dew, Senior Research and Policy Officer, CID
- Maria McMillan, Dev-Zone Manager, Development Resource Centre
- Don Borrie, Jubilee Debt Aotearoa
- Mary Wareham, Advocacy Manager, Oxfam New Zealand

Papua New Guinea

- Paul Martell, Interim National Director, World Vision Pacific Development Group

How did the process fit into ongoing country dialogue?

The World Bank has actively been consulting with civil society and other stakeholders very actively in these two countries. The key participants from both countries in this session were active participants in the dialogue process with civil society for the World Bank and IMF annual meetings. The most dialogue one was held in Melbourne in November last year between Mr. Paul Wolfowitz and the ACFID member CEOs representing 80% of Australian CSOs.

What were the key issues/themes raised by participants?

1. The strategy is capturing well the issues related to governance existing in developing countries, but needs to be strengthened to ensure that strong multi-stakeholder coalition is developed to handle the international environment which facilitates and allows the poor governance. While the strategy talks about civil society in various aspects, it needs more integration of civil society in the consultation process. In particular involvement of local civil society at all stages is crucial.
2. Looking at the governance issue, what is lacking is how to ensure new projects are developed to honor local government activities and to ensure the funding is received at the ground level. Empowerment of communities is needed so that people can ensure the full amount of money would reach the intended recipients.
3. Definition of “governance” – governance should be about the ability of people to enjoy human rights, and the right to participate, at all levels and not limited to what governments do. Also definition of “corruption” in developing countries should be revisited and the World Bank should collect difference cases and examples in countries. The concept of governance reform is often ideologically oriented and does not taking consideration of the situations different from countries by countries.
4. The issues related to political governance, as well as a need for examination of corruption practices within the World Bank itself and within other organizations should also be acknowledged and discussed.
5. It is important that the World Bank works as part of broader collaborative and collective framework and approach together with other donors and partners, for example, linking up with the approach outlined in the recent paper on governance and anti-corruption by OECD-DAC, rather than working only on the World Bank’s efforts and its projects.
6. The Bank should maintain its engagement in all weak governance states. Limiting or ring fencing the support to the government in certain countries, particularly when assistance does not reach effectively to the poor people, should remain an option but working at the country level to strengthen internal country systems is critical.
7. Multi-stakeholder approach is the preferred approach. The World Bank should maintain its pro-poor focus. There are many ways such as through other donors including NGOs, to maintain and deliver assistance as an alternative than going through a corrupt leadership in a country. Civil society can ensure government to be accountable and transparent. If there is positive correlation between the poverty and poor governance/corruption and the World Bank backs off from the corrupt situation, we are increasing disparities rather than addressing it although there is a risk element. The World Bank must stay engaged.
8. The World Bank has to step up its engagement in the Pacific Island countries, and must ensure that their voices should be heard in the GAC consultation and implementation process.
9. The World Bank is always involved in political processes through the provision of its loans to developing countries. This is not a case where the World Bank getting into a new area of politics or politicization of aid assistance, but is that in so many parts of the world the voice of the people is starting to be heard challenging for national governments. This should be recognized by the senior management and Board of the World Bank. On the other hand if the World Bank fails to adapt and move forward its relationship with civil society and governance, then some of the more significant movements in civil society will tend to bypass the Bank.

10. The issue of emerging donors or non-DAC donors in Asia now developing their own programs to support African countries for example seems to be a new challenge. It is important to develop a strong collective approach by donors with common and consistent standards otherwise it is easier for national government to turn away from the traditional DAC donors, making governance standards and interventions more difficult.

Respondent Type	Consultation Reply
2. Promising areas of governance and anticorruption reform and potential obstacles	
Civil Society	International environment that facilitates incentives for corruption should also be considered in the GAC strategy. Example of this is the oil for food scandals in Iraq where international organizations, firms and various stakeholders have played their part in allowing poor governance to take place.
Civil Society	A need for examination of corruption practices within the World Bank itself should be recognized in the GAC paper.
Civil Society	Various kinds of corruption at the rich elite and privileged but also villages, government officials etc should be looked at. The idea of entry points to address these different aspects within a country.
Civil Society	“Corruption” varies in each country. In Fiji, the coup leaders themselves have set up Corruption Committee to investment the situation. The Bank should collect cases and examples from various countries and regions.
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Civil Society	Is “governance” number one priority of the World Bank? There are other key development issues such as climate change and other pressing issues.
Civil Society	If there is positive correlation between poverty and poor governance/corruption and we back off engagement in corrupt situation, we are in fact increasing disparities rather than addressing it although there is risk effect in it.
Civil Society	The poorest of the poor should not be made to pay their corrupt leaders, and the people at the very bottom of food chain should not be punished. The bottom line would be different in difference cases, and the Bank should try, explore and exhaust every other option to support the people at the bottom. There are so many different ways of delivering assistance to them even under corrupt leadership in a country.
5. How to strengthen the Bank’s work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector	
Civil Society	Multi-stakeholder approach is the way to go. In PNG some countries have disengaged, for example. But I do not

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	believe that is being helpful for the nation, for civil society, and certainly for the poor.
Civil Society	Civil society can play important role to offer incentives when government does not have incentives for governance reform and anti-corruption, by making sure government is accountable and transparent. Democracy itself is not going to make government serious.
Civil society	There seems an assumption in the paper that a smaller government means less corruption, and stronger private sector is the cure for corruption, but this assumption is questionable.
Civil Society	The World Bank's mandate is always changing, rather than limiting its mandate to work for the government. The greater risk is that the community is not involved in demanding better use of capacity by governments to address corruption issues.
Civil Society	It is essentially a political governance issue within the World Bank where the Bank should remain focused to government or broaden its engagement with civil society and other stakeholders when tacking with governance and corruption. This needs to be resolved at its board level. If the Bank decides that it cannot cope with it, civil society will tend to bypass the bank. (*three other participants followed to state their agreement to this point).
6. How to mitigate fiduciary risk in Bank operations?	
Civil Society	The earlier September paper was about a policy enforcement approach and about providing resources to countries engaging with anti-corruption agenda and not to those without. That is a very high risk approach if the priority is to support the poorest of the poor. But ring fencing should remain an option at some circumstances where supporting government approach is not an acceptable one.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
Civil Society	Working together with other donors for collective action addressing anticorruption and governance issue, working together to undertake country assistance, so that the World Bank is part of wider approach with more stakeholders.
Civil Society	The World Bank is talking about ring fencing only about assistance to the World Bank's projects. But there are other donors working in partnership, including NGOs. Perhaps sometime it is effective to getting through by passing government in order to get to the grassroots level.

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Civil Society	Unless there is collective action by donors, they would fail to address governance and anti corruption issues. The World Bank's efforts should be linked with the OECD DAC governance and anti-corruption paper, for example.
Government	We are quite supportive to the Bank's approach to look into joint and concerted common approach with DAC countries.
Civil Society	It would be significant step backwards if the Bank decided that it was not going to go the direction where the Bank works with other players and it could not manage its internal politics.
Government-	Agree to the importance of joint works. Harmonization is important issue and takes time. Also we are looking at how the Bank supports the partner government and their own initiative in governance and corruption, as we need champion on this.
8. How to monitor progress in governance and anticorruption at the country level	
Civil Society	Empowerment of civil society at ground level is crucial so that they ensure full amount of money is used for intended recipients.
9. Areas for improvement in GAC strategy and country-level support	
Civil Society	Voices of South Pacific islands should be heard in the GAC consultation process, and the World Bank should get more active in these countries.
Civil Society	Good to see the strategy mentions civil society, but more integration with civil society, particularly at local level is crucial.
Civil Society	The strategy should recognize the need for examination of corruption practices within the World Bank itself.
10. Other key issues	
Civil Society	Emerging Donors ---- Emerging donors or non-DAC donors provides the opportunity for governments not to work with traditional DAC donors, which may affect not only governance and anti-corruption area but also other development issues in general. China, India and Thailand in the Asia getting active in African countries and running their own programs.