

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



BELGIUM

(DECEMBER 5, 2006)

Participants:

EC representatives:

- Mr. Jean Louis LACUBE: Head of Unit E1 “Macro-economic support”, EuropeAid
- Mrs. Dominique DELLICOUR: Head of Unit E4 “Governance, Human Rights, Democracy, Gender”, EuropeAid
- Mr. Richard YOUNG: Officer Unit E1 “Macro-economic support”, EuropeAid
- Mrs. Anna BECKER: Officer Unit C1 “Geographic coordination and supervision for ACP countries”, EuropeAid
- Mr. Luigi BRUSA: Officer Unit C1 “Geographical coordination and supervision for ACP countries”, EuropeAid
- Mr. Christophe LAROSE: Officer Unit C4 “Centralized operations for the ACP countries”

Private Sector representatives:

- Luke Sully, Senior Consultant, Diligence LLC
- Dilia Vicheva, Senior Consultant, Diligence LLC
- Ulrika Dellrud, Counsel for European Affairs, General Electrics (GE)
- Dominique Bourgault, ACP Business Forum
- Yoshiro Baba, Technical Officer, Capacity Building Directorate, World Customs Organization

Civil Society representatives:

- Michele Turati AEGEE-Europe
- Vincent Okele African Axis
- Caroline Contencin CIDSE
- Marta Ruiz CNCD
- Felicien Kazadi Conseil des Communautés Africaines
- Frederic Ceuppens ECDPM
- Jan Vanheukelom ECDPM
- Lucy Hayes Eurodad
- Kris Baruti Recherche Documentation Juridique Africain
- Stephan Van Praet Green Peace International
- Solomon Seyoum Horn of Africa Group
- Faustina Van Aperen International Solidarity Foundation
- Isabelle Hofferlin ITUH

- Nadia Molenaar University of Antwerp
- Robrecht Renard University of Antwerp
- Sylvain Plasschaert University of Antwerp and University of Louvain
- Michael Cwik Forum of Language Rights and Cultural Diversity
- Jerome Ollier CADTM

What were the key issues/themes raised by participants?

1. Mainly questions about the GAC strategy itself, how it is supposed to be implemented and how to mainstream the Bank's country governance and anti-corruption programs with EC's governance profile.
2. The need to tackle the problem of multinationals and other actors looting natural resources in developing countries, in particular Africa.
3. Public procurement
4. Protection of whistle blowers
5. The political and social pillars of governance
6. Engaging with civil society and the media
7. Harmonizing donor actions on governance
8. Illegitimate debt and governance
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12. Illegitimate debt and governance
13. Mainly questions about the GAC strategy itself, how it is supposed to be implemented and how to mainstream the Bank's country governance and anti-corruption programs with EC's governance profile.
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Respondent Type	Consultation Reply
1. Top governance challenges	
[Representatives from Civil Society]	<ol style="list-style-type: none"> 1. Addressing the political side of governance and deficits in democracy 2. Supporting social pillar of governance, i.e. workers rights and labor standards and strength of labor organizations 3. Addressing the problems of tax evasion and tax havens 4. Ensuring civil servants do not have an incentive to be corrupt by providing them with decent pay, in the face of IMF ceilings for public expenditure 5. Promoting independent media, watchdogs and NGOs 6. Addressing illegitimate debt incurred from past bad lending practices of the Bank 7. Who is responsible for judging whether a country has breached good governance practice and norms that could lead the Bank to take action against a country or disengage – Will civil society and parliaments be involved? 8. How can the Bank be a credible and legitimate advocate on governance in the light of its own weak internal governance 9. Donor harmonization on governance assessments
International Governmental Organizations	<ol style="list-style-type: none"> 1. Need for good coordination between EC and World Bank when it comes to drawing up country governance profiles → avoid discrepancies between the governance profiles of both institutions 2. Need to focus more on the promotion of <u>democratic</u> governance, instead of on anti-corruption 3. Donors should hold a broad debate on the systematic looting of natural resources, in particular oil in Africa and address the problem of asset recovery as there are currently no political or judicial instruments for this on the European level.
2. Promising areas of governance and anticorruption reform and potential obstacles	
[Representatives from Civil Society]	A potential obstacle in pushing governance reform is the Bank's poor record in pressing countries to adopt adjustment and reforms. What will the Bank do differently?
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
International Governmental Organizations	In terms of program implementation, the EC inquired what the Bank would do in countries where government leadership has not demonstrated its willingness to tackle weak governance and widespread corruption.

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[Representatives from Civil Society]	Who makes the judgment on the decision to disengage – will civil society and parliaments be involved?
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	
[Representatives from Civil Society]	<ol style="list-style-type: none"> 1. The Bank should pay about 1% of its project funds to an independent watchdog group or media to monitor and report back to the Bank on how the Bank's loans are spent and how transparent the recipient government is. 2. The Bank should set of arms length fund to support independent monitoring of the way funds are used in a country. 3. The Bank needs to interact with workers' organizations and trade unions.
International Governmental Organizations	Responding to a question whether the EC has a financing mechanism (similar to that of the World Bank) which supports civil societies and parliaments on a more systematic way, the EC replied that it did not have one so far but that it would examine to integrate a capacity building component to support civil societies within its budget support mechanism.
6. How to mitigate fiduciary risk in Bank operations?	
International Governmental Organizations	Although this question was not explicitly raised during the meeting,, the EC stressed that it would like to explore how they could better mitigate fiduciary risk in the future.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
International Governmental Organizations	<ol style="list-style-type: none"> 1. (see also Q 1) Improve coordination between donors when country governance profiles are drawn up. 2. (see also Q 6) The EC showed particular interest in the Bank's balanced risk mitigation strategy. It seems that the EC would like to explore how to better mitigate fiduciary risk in the future → the EC might inquire about the Bank's expertise in this field? 3. EC proposed to continue discussions on governance and anti-corruption just before the next annual meeting on World Bank – EC co-operation on Africa (Limelette early 2007)
[Representatives from Civil Society]	<ol style="list-style-type: none"> 1. The Bank is perceived by many southern civil society actors as having principally an economic mandate. Therefore it should recognize that other actors like the UN have a more important role to play on governance and not take a leading role. 2. The Bank should try harmonize its governance assessments with other donors, 3. The Bank should advocate for harmonization in its discussions with the European Commission.

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8. How to monitor progress in governance and anticorruption at the country level	
International Governmental Organizations	The EC inquired about how the World Bank intends to implement its governance and anti-corruption strategy at the country level.
9. Areas for improvement in GAC strategy and country-level support	
International Governmental Organizations	<ol style="list-style-type: none"> 1. (see also Q 1) The GAC strategy should also address the looting of natural resources in developing countries, in particular when it comes to oil in Africa. Therefore, the Bank should take up its responsibilities and strengthen the component of natural resources management in its GAC engagements. 2. Raise awareness among citizens and local communities about weak governance and widespread corruption in their country. Especially, when it comes to corruptive governments / companies, a strategy could be envisaged which includes, for example, the publication of data on revenues of corruptive companies (“name and shame strategy”).
10. Other key issues	
[Representatives from Civil Society]	<ol style="list-style-type: none"> 1. Can the Bank take action on high costs charged by intermediaries and customs with regard to goods sent home by the Diaspora. 2. The lack of a clear definition of governance makes it difficult for civil society groups to monitor performance of governments.