

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



BOLIVIA

(JANUARY 18-19, 2007)

Participants: Representatives from Legislative, Executive, Judiciary, civil society, media and private sector.

How did the process fit into ongoing country dialogue?

GAC consultations contributed to establishing/helping strengthen relationships with various stakeholder groups (judiciary, congress, civil society, private sector), on a parallel track to ongoing country dialogue. Bolivia has undergone a long process of social change over the past half century, which is not an easy task given the levels of social exclusion and polarization that turns Bolivia into one of the most unequal countries of the continent. Since President Morales took office, the Bank has been engaging into a dialogue with government to provide support to Bolivia as the new government begins to define its development path.

The Government of Bolivia is very committed to fight corruption and increase transparency in the use of public resources and this is one of the top priorities of the Government Program which contemplates the implementation of a “zero tolerance” policy against corruption in all areas of public administration and the strengthening of social monitoring mechanisms to increase accountability of central and local governments. A key institution to implement this policy is the Vice Ministry of Transparency housed at the Ministry of Justice, with a mandate that covers the three elements of investigation, prevention, and public education in the fight against corruption. The Vice Ministry of Transparency was the counterpart for the consultation process.

What were the key issues/themes raised by participants?

- Under no circumstances the WB should disengage. The WB needs to understand better the particular context of each country and work together with local actors to improve the situation. Where government is weak and not committed to the GAC agenda, the WB should look for alternative mechanisms to work with other stakeholders (private sector, civil society, local governments, etc), but not disengage.
- Harmonization among donors and multilaterals is critical. The fact that processes are not harmonized leads to more opportunities for corruption.
- Need for more transparency and access to information at all levels from Bank AAA and projects. Important to create an information network that reaches out to the majority of the population.

- Existing fiduciary arrangements and contractual conditions have not been effective thus far. Need to rethink current Bank's anticorruption approach to address structural issues. Need to include social monitoring as part of Bank projects.
- The GAC areas that were identified as top challenges in Bolivia are: i) need for a new Procurement Law that promotes competition and transparency as current local procedures are cumbersome and confusing; ii) need to work more on the prevention side and education; iii) need to strengthen internal controls of public institutions and iv) judicial reform.
- The Bank could play a key role in: i) supporting public institutions to become more transparent and strengthen their internal controls and ii) building capacity within civil society.
- Need to develop indicators to measure corruption in specific areas. For example, a database with cost for infrastructure projects per country and region.
- More involvement is needed from the private sector in this agenda. Need to develop independent reporting mechanisms, through Chambers of Commerce and business associations. Twinning arrangements for infrastructure projects should be mandatory to support private sector development.
- At the project level, it is important that key beneficiaries and other stakeholders are involved in project design and through out the project life. Solutions to local problems can not be designed from outside the country or even from central governments. The WB should design mechanisms to work directly with local governments, the private sector or other key actors, without necessarily going through the central government.

Respondent Type	Consultation Reply
1. Top governance challenges in country	
[Government]	<p>Need to fight against corruption under a coordinated strategy and be able to show effective and timely responses. Judicial reform in a major challenge.</p> <p>Institutions to become more transparent so citizens recover trust in them. Strengthen internal controls and prevention.</p>
[Legislature]	<p>Corruption is a key issue in the country. Government should provide example. Judicial reform. Important as well is to raise social awareness and work more on prevention.</p>
[Representatives from Civil Society]	<p>Need to enhance transparency and access to information of public institutions and the Bank. Generate a national dialogue. Strengthen capacity of civil society.</p>
[Private sector]	<p>The rule of law, voice and accountability are being affected by government political strategy. Approval of a procurement law that establishes fair conditions and clear rules of the game is critical.</p>
[Media]	<p>Social awareness. Judicial reform.</p>
2. Promising areas of governance and anticorruption reform and potential obstacles	
[Government]	<p>The following GAC areas are critical: Judicial Reform, strengthen key institutions (mainly regarding internal controls, transparency and anti-corruption mechanisms), better coordination, build human capacity and public awareness. Government is very committed to the GAC agenda.</p> <p>GAC issues need to be included in the education curricula.</p> <p>Possible obstacles: highly politicized Judicial Branch and lack of coordination. Government needs to take the lead in developing a single country strategy so institutions and interested parties work in a coordinated manner. So far most entities have worked on isolation.</p> <p>The problem is not lack of laws; but lack of compliance and impunity.</p>
[Legislature]	<p>More involvement of the Legislative in this agenda. Need to strengthen capacity of the legislative to oversight budget</p>

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	by supporting the Parliamentary Budget Office. More transparency of Bank projects. Judicial reform to end up impunity.
[Representatives from Civil Society]	Support to civil society organizations to carry out social monitoring. More involvement of beneficiaries in project design and implementation. Access to information is key. Important to analyze causes of corruption and establish clear objectives that could be monitored.
[Private sector]	There is an urgent need of having a Procurement Law (so far there is only a Supreme Decree) with clear and transparent procedures for the evaluation of proposals/bids. The current contractual model is unequal, with a lot of disadvantages for the private sector (high penalties or high value guarantees). Need to strengthen financial management system so government can pay timely. Having a reference price list for infrastructure projects in the region could be helpful. Also to develop terms of reference standards with technical specifications allowing for local participation or twining arrangements, and avoiding opportunities for collusion.
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
[Government]	The WB needs to understand better the particular context of each country and work together with local actors to improve the situation. Where government is weak and not committed to the GAC agenda, the WB should look for alternative mechanisms to work with other stakeholders (private sector, civil society, local governments, etc), but not disengage. Under no circumstances the WB should disengage and abandon it's mission of reducing poverty,
[Legislature]	In countries where governance is weak, it is important to create transparency mechanisms and strengthen social monitoring. Need for wider distribution of out-puts, results and impact of Bank projects.
[Representatives from Civil Society]	In these countries, strengthening civil society could be the solution. It would also be crucial to analyze the causes of corruption and design a strategy with clear objectives and priorities.
[Private sector]	The WB should look at other actors, such as the private sector or certain non-governmental institutions such as the

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	<p>Camaras / Gremios that could support the fight against corruption.</p> <p>Anti-corruption programs should be implemented from the private sector.</p> <p>WB should design mechanisms to engage directly with other relevant actors such as sub-national governments, Chambers of Commerce, business associations, civil society, etc.</p>
4. How to ensure fair and consistent treatment across countries	
[Representatives from Civil Society]	Developing standards of transparency and good governance that a country should meet.
[Private sector]	Need to develop negative incentives for governments and sanctions for public officials involved in corruption cases similar to the ones applied for the private sector. Design independent reporting mechanisms to protect the companies that lay charges.
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	
[Legislature]	Working more with the legislative and its technical commissions.
[Representatives from Civil Society]	Establishing social monitoring mechanisms and creating capacity within civil society. Empowering civil society with access to information, so they can participate in an informed debate. Facilitating a national dialogue on GAC issues.
[Private sector]	Need to create independent ethics/complain offices thin committed, transparent, and recognized institutions (for instance Chambers of Commerce or Gremios) that could handle corruption accusations and lay charges on behalf of private firms. Need to develop mechanisms to work directly with beneficiaries, sub-national governments and business associations. IFC to provide funding for small and medium enterprises through local commercial banks.
[Media]	Media has a key role in disseminating corruption scandals and raising awareness. Improving capacity within media is crucial. WB could act as liaison between media and civil society.

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6. How to mitigate fiduciary risk in Bank operations?	
[Government]	<p>Donor harmonization is critical in this regard. Having different norms and procedures may sometimes create opportunities for corruption.</p> <p>The WB should concentrate its efforts in specific entities, building capacity and strengthening their systems (a.i. Customs, Roads, Taxes in Bolivia). Each entity should identify its deficiencies and establish its own commitments for improvement. They need to feel empowered.</p> <p>Involve also the private sector and civil society in monitoring projects.</p>
[Legislature]	<p>Existing fiduciary arrangements and contractual conditions have not been effective thus far. Need to rethink current Bank's anticorruption approach to address structural issues. Same blacklist of different international organizations. Monitor closely companies that obtain big contracts. Develop database with standard cost of infrastructure projects in each country so large deviations can be identified.</p>
[Representatives from Civil Society]	<p>Social monitoring could help enhancing supervision of projects. More participation of beneficiaries in project design, supervision and evaluation.</p>
[Private sector]	<p>Potential beneficiaries, including local governments and civil society should be part of project design, and remain engaged throughout the project's life. Sometimes, project designs include complex solutions for simple problems and/or technical specifications in TORs are unnecessarily demanding. This automatically forbids the participation of national bidders, with high possibilities of having corrupt practices no capacity is being created at the local level. Private sector development should be a priority in infrastructure projects and local participation mandatory (twining arrangements o breaking down the project into sub-projects suitable for the size of local companies).</p> <p>Design mechanisms that allow the Bank to work directly with local governments, where the use of the funds could be closely supervised by civil society.</p> <p>To enhance developmental impact and reduce opportunities for corruption, the flow of funds and the reviewing and approval process should be expedite and smooth, avoiding unnecessary intermediary tiers.</p>

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7. The Bank's role vis-à-vis other donors in supporting governance reform	
[Government]	So far efforts made by different donors have been dispersed, weak and not sustainable (e.g. ethic offices/codes). Need to develop a common GAC strategy and harmonization fiduciary controls.
[Legislature]	Donor coordination is key for the GAC agenda. Need to have same fiduciary rules, a common black list and other anticorruption mechanisms.
[Representatives from Civil Society]	Coordinate better not to duplicate. Having a common GAC strategy might not be feasible, but at least donors should agree on a general approach.
[Private sector]	WB and other multilaterals norms and procedures should be harmonized, including the number of no-objections and procurement rules.
8. How to monitor progress in governance and anticorruption at the country level	
[Legislature]	Need to develop specific indicators for relevant institutions and ensure social monitoring of budget execution and implementation of projects. A good practice in this sense is the dissemination of budget information carried out through the <i>brigadas parlamentarias</i> .
[Representatives from Civil Society]	Strengthening capacity of civil society. Need to enhance transparency of public institutions and access to information, including the information about Bank's projects and documents.
9. Areas for improvement in GAC strategy and country-level support	
[Government]	Work more on the preventive side, ex-post action may not be quite effective in countries where the Judicial branch is weak. Need to strengthen internal controls.
[Legislature]	Involve the legislative more, not only when signing off projects. Strengthen the legislative as a key check and balance institution. The WB could be accountable to citizens through the Legislative and report to them on project

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	implementation annually.
[Representatives from Civil Society]	More transparency of the Bank itself and develop communication channels to reach out. Facilitate national dialogue.
[Private sector]	Corruption and poverty are related to economic growth. More attention should be paid to engage local actors that promote economic growth and employment creation. Development of private sector is fundamental in order to enhance project impact on development.
10. Other key issues	
[Representatives from Civil Society]	<p>It is important to achieve the right balance between strengthening controls and having so much bureaucracy that at the end the system becomes inefficient and does not work.</p> <p>Need to define corruption and governance, analyze structural roots of weak governance and establish priorities.</p>