

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



**DOMINICAN REPUBLIC**

(DECEMBER 14-15, 2006)

**Participants:** See attached list

**How did the process fit into ongoing country dialogue?**

The consultation process complemented the ongoing country dialogue by facilitating and strengthening relationship with various stakeholder groups (e.g., Judiciary, Congress).

**What were the key issues/themes raised by participants?**

- Important for the Bank to remain engaged, even in very difficult governance environments;
- Importance of social monitoring and incorporation into project design, and demand for more support to and involvement of civil society organizations working for public reform and to increase transparency;
- Importance of Bank support for sustainable institutional strengthening (civil service reform; professionalization of public service; organs of internal and external control; implementation of the Access to Information Law);
- Impact of a weak/politicized judiciary;
- The role of the private sector, in particular multinationals, in spreading a culture of corruption;
- A need for the Bank (and other donors) to walk the talk on transparency and improved access to information. In particular that the Bank should share information, as relates to operations it supports, more broadly w/project stakeholders and the public at large.

Respondent Type	Consultation Reply
<b>1. Top governance challenges in country</b>	
Representatives from civil society and private sector	<ul style="list-style-type: none"> <li>○ Strengthening institutions so they can deliver services more effectively. Implementation of existing laws. Judicial reform. Strengthening control systems. Planning and capacity to develop a long term vision. Supporting civil society and governance demand.</li> <li>○ Money laundering. Fiscal evasion. Transnational corruption.</li> </ul>
Donor group	Strengthening judicial sector. Civil service reform. Strengthen Supreme Audit Institution (SAI) and civil society.
Staff from project implementing entities	Civil service reform and capacity building.
Legislature	Independence of three branches of government. Building capacity within Congress and be able to perform Executive's oversight.
Government	<ul style="list-style-type: none"> <li>○ The private sector. For example, large well connected companies keep duplicate books of account, pay bribes to escape payment of taxes, intimidate civil servants, while alleged cases of corruption are not brought before the courts.</li> <li>○ Weak judiciary and legal framework. Laws are promulgated but not implemented; judges may know specific written laws but the concept of jurisprudence is missing, this facilitates manipulation of the letter of the law, rather than observance of its spirit in support of the corrupt and at the expense of the victims; delays in hearing and concluding those cases that do come before the courts.</li> <li>○ Weaknesses in public sector administration such as: (i) widespread requirement for civil servants to sign-off on various documentation facilitates rent-seeking, particularly from private companies; (ii) lack of a framework for retirement benefits that make civil servants more susceptible to bribes; (iii) lack of sustainability in institutions</li> </ul>
Judiciary	○ Lack of access to justice for the poor

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	<ul style="list-style-type: none"> <li>○ Culture of corruption</li> <li>○ Poor Professionalism: (i) 90% of personnel who are involved in the administration of justice are not judges; (ii) lack of a civil service code of ethics</li> </ul>
Supreme audit institution	<ul style="list-style-type: none"> <li>○ Lack of a strategic framework, including indicators and objectives, for monitoring progress in improving governance and reducing corruption</li> <li>○ Weak oversight (internal &amp; external) functions: (i) technical capacity; (ii) lack of appropriate independence from the executive</li> <li>○ Politicized judiciary</li> </ul>
Youth group	<ul style="list-style-type: none"> <li>○ The culture of corruption</li> <li>○ Lack of dissemination and understanding of rights bestowed in the Youth Law and Access to Information Law</li> </ul>
<b>2. Promising areas of governance and anticorruption reform and potential obstacles</b>	
Representatives from civil society and private sector	<ul style="list-style-type: none"> <li>○ Implementation of the access to information law.</li> <li>○ New procurement legislation as part of the integration in DR CAFTA.</li> <li>○ Islands of excellence, within government, such as the Secretaria de Trabajo.</li> <li>○ Fiscal Evasion</li> </ul>
Legislature	Include a project component to facilitate dialogue with Congress on proposed legal reforms. IDB project on strengthening the SAI is a good practice in this regard.
Government	<ul style="list-style-type: none"> <li>○ Establishment of the National Commission for Ethics and Anti –Corruption</li> <li>○ Approval of laws on (i) transparency and public accounting; (ii) access to information; (iii) public works contracting;</li> <li>○ Civil Service Reform—need job security</li> </ul>
Judiciary	○ Establishment by Public Defender, of citizen advisory centers that provide information and conflict resolution services. More such centers are needed in poor areas.

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	Judicial Branch recently submitted to an audit by the Camara. This needs to be better publicized as a good practice.
Youth group	<ul style="list-style-type: none"> <li>○ The establishment of an ethics commission and passing of a freedom of information law. Despite the fact that the law has been passed, it remains to be implemented.</li> <li>○ Some publication of information related to public procurement – scope should be broadened.</li> </ul>
<b>3. How the Bank should engage where governance is weak, and circumstances under which to disengage</b>	
Representatives from civil society and private sector	<ul style="list-style-type: none"> <li>○ The World Bank should not withdraw from countries with weak governance. In these countries, clear requirements for engagement need to be established with monitoring mechanisms. Leverage international instruments to provide incentives for governance-related reforms (eg. Free trade agreements such as DR-CAFTA could be instruments to promote procurement, judicial, transparency and other governance reforms).</li> <li>○ When central governments cannot guarantee good use of funds, pay more attention to local governments, where social monitoring could be more effective, and channel funds through them.</li> </ul>
Donor group	The Bank cannot become a judge of countries. Disengagement strategy is dangerous as it could lead to a more difficult situation and it is not clear how it will help. In these difficult cases, donors could work through tri-alliances with the Government, civil society and harmonization groups to identify the 10 main cases of corruption for government to follow up and present results.
Government	Adopt a long term strategy that seeks to change the “culture” by supporting the incorporation of civic education—honesty, patriotism, social responsibility—in primary school curricula. (More impact if such education starts earlier, rather than at secondary/university level).
Judiciary	Work directly with national project staff and not with imported consultants who do the work and then leave the country without having transferred knowledge or helped develop in-country capacity.
<b>4. How to ensure fair and consistent treatment across countries</b>	
Representatives from civil society and	<ul style="list-style-type: none"> <li>○ Identify transparency and governance good practices and develop a tougher lending policy based on them.</li> <li>○ Identify minimum conditions a country should meet to guarantee good governance and success in the fight</li> </ul>

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private sector	<p>against corruption</p> <ul style="list-style-type: none"> <li>○ Also important fair and consistent treatment private vs. public sector. IFC needs to develop standards for transparency and accountability the private sector needs to meet as pre-condition for engagement.</li> </ul>
Judiciary	Have regard to each country's situation. For example across the world, different legal codes apply in different countries.
<b>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</b>	
Representatives from civil society and private sector	<ul style="list-style-type: none"> <li>○ Establish alliances with business groups that are keen to work together in the fight against corruption. Identify areas that are of interest for the private sector such as fraud, fiscal evasion, money laundering. Monitoring tax collection and the use of those funds could be a good start.</li> <li>○ To prevent corruption and increase developmental impact of projects, it is necessary more involvement of beneficiaries in project design, supervision and evaluation of the portfolio. It is important to create mechanisms for civil society to provide feedback at different stages of the project cycle.</li> <li>○ The Bank needs to be more transparent and provide more information (about Bank projects in preparation and implementation, ESW, dialogue with government, etc.) so social monitoring can act as a prevention mechanism. Civil society cannot demand accountability effectively and participate in the policy debate without information.</li> <li>○ Strengthen the role of Congress. Just as the Bank presents progress implementation reports to the Executive, it should do the same with Congress. Every year or six month, the Bank should present a progress implementation report to be discussed in public hearing so civil society can also be informed.</li> </ul>
Legislature	<ul style="list-style-type: none"> <li>○ It is important to take the three branches of government into account and not only the executive. Have more dialogue with Congress and involve them in early stages of project design. When considering priorities for new CASs and different lending scenarios have a mechanism to involve Congress in the discussion.</li> <li>○ Build technical capacity within Congress to scrutinize the budget and participate in budget formulation. Be aware of the role political parties play in good governance and find mechanisms to work with them.</li> </ul>
Government	Various organizations already exist such as: (i) civil society; (ii) private sector; (iii) churches etc. whose role it is to monitor accountability in the public sector. The Bank should seek to work more closely with these.

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Youth group	Providing support for strengthening of civil society organizations that are involved in the monitoring of public finances
<b>6. How to mitigate fiduciary risk in Bank operations?</b>	
Representatives from civil society and private sector	Social monitoring of projects as conditionality for lending. Make compulsory for new projects to include a component on social monitoring that supervises use of funds and impact indicators. More beneficiary involvement in project design, implementation and supervision.
Staff from project implementing entities	Use PIUs when institutions are weak but include a plan in the project to strengthen them and gradually move towards country systems.
Judiciary	<ul style="list-style-type: none"> <li>○ Require that all entities with which Bank works comply with the requirements of the Transparency &amp; access to information laws, not just in connection with the use of Bank loan proceeds, but in connection with all funds that flow through that entity.</li> <li>○ Engage not just with the executive in planning projects. Also involve the judiciary as for example the executive will not necessarily support judicial reform as a priority area for reform and funds passed on to the executive, although including judicial reform components end up being used elsewhere instead.</li> </ul>
Supreme audit institution	Use SAI's in the audits of Bank supported operations as private sector auditors do not have statutory authority to pursue any wrong-doing discovered as a result of the audit.
Youth group	<ul style="list-style-type: none"> <li>○ Require that entities involved in the implementation of Bank supported activities adhere to a standard of transparency acceptable to the Bank, in connection with all the funds that it manages and not just Bank provided funds.</li> <li>○ Include CSO oversight as part of project design.</li> </ul>
<b>7. The Bank's role vis-à-vis other donors in supporting governance reform</b>	
Representatives	Difficult to develop a common strategy for donors, but other things can be done like i) common scheme of fiduciary

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from civil society and private sector	controls, ii) coordinate priorities, iii) promote international and regional conventions to discuss common governance and transparency standards. The coordination effort must go beyond the WB and the IADB, and involve other agencies like the United Nations and multinational companies
Donor group	<ul style="list-style-type: none"> <li>○ To mainstream GAC agenda in donor interventions and measure progress towards the goals, a similar mechanism to the Millennium Development Objectives could be developed.</li> <li>○ Donors should develop together with civil society, monitoring indicators of key governance reforms that they are supporting.</li> </ul>
Judiciary	Make sure its support is complimentary/consistent/supportive of the support of other donors
<b>8. How to monitor progress in governance and anticorruption at the country level</b>	
Representatives from civil society and private sector	The Bank should establish standards of transparency and accountability in the use of public funds in areas such as procurement, civil service reform, etc. and provide technical assistance to help institutions to meet those standards. Progress should be measured in a systematic way and a monitoring mechanism created so the Bank can prioritize its investments based on progress made by the country.
Donor group	Donors can play a key role in sharing information about governance problems, promoting national dialogue, and collecting evidence on corruption in specific areas where action plans could be developed (eg. evidence provided by external evaluation of HIV/AIDS funds in DR).
Judiciary	<ul style="list-style-type: none"> <li>○ The role of the SAI and other institutions of control are important, in particular follow up of findings from reports</li> <li>○ Development of objective indicators against which progress can be measured.</li> </ul>
Supreme audit institution	<ul style="list-style-type: none"> <li>○ Incorporate GAC conditionality in Bank operations</li> <li>○ Establish performance monitoring framework for each public sector entity that is consistent with its strategic objectives.</li> </ul>
Youth group	Create a rating system, and publish resulting ratings, for monitoring levels of transparency in public entities.

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<b>9. Areas for improvement in GAC strategy and country-level support</b>	
Government	<ul style="list-style-type: none"> <li>○ Enhanced support for judicial reform</li> <li>○ More attention to civil service and administrative reform (reducing bureaucracy, decentralization)</li> <li>○ In connection with the private sector, support the establishment of something like an EITI that applies to all multinationals.</li> <li>○ Support for greater transparency in banking laws, strengthening of banking supervision capacity.</li> <li>○ Use of consultants, who are internationally recognized experts in their field, and from countries who have had success in anti-corruption efforts.</li> <li>○ Enhanced support for implementation of the various anti-corruption laws (in public and private sectors) already approved by congress; educating society as a whole on rights under the laws thus enacted</li> <li>○ Support for E-government as a mechanism for enhancing transparency in public sector.</li> <li>○ Clearly articulate the country specific implications of the Bank's GAC strategy in the CAS as a way of signifying the seriousness with which the Bank regards these issues.</li> <li>○ Better dissemination of good practices from other countries.</li> <li>○ Better alignment with in country priorities and processes, in particular at the sectoral level.</li> </ul>
Judiciary	Maintain support for the second big wave of reforms that are forthcoming, particularly in connection with institutional strengthening.
Supreme audit institution	Pay particular attention to social sector operations. Incorporate CSO, citizenry, other donor oversight arrangements into project design.
Youth group	<ul style="list-style-type: none"> <li>○ Disclosure of additional information on World Bank activities in country in a format that is easily understood by a population that is not all literate/have access to internet and TV</li> <li>○ Support efforts to raise awareness on the provisions of the freedom of information law. (In schools, universities, CSO's etc)</li> </ul>

Respondent Type	Consultation Reply
<b>10. Other key issues</b>	
Representatives from civil society and private sector	The Bank should streamline its internal processes to be able to provide support when the country needs it.
Donor group	Given the excess of liquidity in the market, Treasury bonds are an increasingly important alternative source of funding, especially for those governments that want to avoid governance-related conditionality. A suggestion could be, in cooperation with the main Investment Banks and Transparency International, to include in Treasury bonds a sentence that reads: “TI warns you that this country rates X in the global corruption index”. So investors know the likely destination of those funds.
Government	Bank should move away from its focus on public sector in connection with issues of corruption. Corruption is an issue for the whole of society and it requires a long term strategy to change a culture of corruption that exists
Judiciary	Important to also strengthen other entities that have a role in fighting corruption. Specifically the police, investigative agencies, Ministerio Publico, and the Law School.
Supreme audit institution	Bank should ensure that consultants who work on Bank—financed operations provide advice that is tailored to country specific circumstances, and do not merely seek to incorporate wholesale practices from developed countries.