

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



FRANCE

(DECEMBER 6, 2006)

Participants:

- Charif Said Achiraf - Association des Comoriens de France
- Séverine Bellina - Sous-direction de la gouvernance / DPDEV/ MOFA
- Pierre Calame - Fondation Charles Léopold Mayer pour le Progrès de l'Homme
- Pierre Colmant - Secours catholique - Caritas France
- Philippe Coquart - Epargne sans Frontière
- Gwenael Dhaene - GIP - Santé protection sociale internationale
- Marie-Josée Domestici - Université d'Aix-Marseille III
- Sébastien Fourmy - Oxfam France - Agir ici
- Yves Gisse – Œuvres Hospitalières Françaises de l'Ordre de Malte
- Aline Godchaux - Amnesty International
- Thibault Le Texier - AITEC (Association internationale de techniciens, experts et chercheurs)
- Jean-Merckaert - Comité Catholique Contre la Faim et pour le Développement - CCFD
- Emmanuel Montanié - MEDEF
- Jean Monville - Président Comité International de l'entreprise du MEDEF
- Jacques Ould Aoudia - Ministère de l'Economie, des Finances et de l'Industrie (Researcher on indicators)
- Paul Perrin - ECI Agir Post Crise
- Henri Pinard Legry - ECI Agir Post Crise

What were the key issues/themes raised by participants?

- Definition of governance - the paper focuses more fighting corruption,
- Lack of legitimacy of the World Bank's role and lack of mandate in the governance issue,
- The Governance agenda is the Bank again imposing its privatization and liberalization conditionality agenda,
- Sensitivity to the socio-cultural environment: the Bank is still too normative/technocratic,
- Harmonization with donor actions on governance,
- How to tackle grand and petty corruption ("big" and "small" corruption),
- Important role of the private sector and the sectoral approach,
- The Bank should be irreproachable: it needs to address its own internal governance,
- The Bank needs to address the issue of illegitimate debt incurred from its past bad lending practices ("odious debt"),
- Tax Havens, Stolen Assets and their recovery and Whistleblowing.

Respondent Type	Consultation Reply
1. Top governance challenges	
[Government]	<p>1. Thank the Bank for its work on anti-corruption and governance-though most of the work seems to be related to anti-corruption. Our governance strategy is holistic and inter-disciplinary-in line with the European Commission, and UNDP.</p> <p>2. The Bank must be careful not to moralize and stigmatize the developing countries. State capture by big business is a huge problem in developing countries, but has already happened in developed countries and has been “legalized” by strong business lobbies.</p>
[Representatives from Civil Society]	<p>1. Welcome the Bank’s fight against corruption but governance is not within the Bank’s mandate and</p> <p>a) Governance is about the freedom to choose your destiny – it is linked with democracy and respect for human rights economic and civil freedom – and when talking about governance, civil society would refer rather to those concepts.</p> <p>b) “Governance” is a way for the Bank to pursue its narrow economic agenda of liberalization and privatization through conditionality.</p> <p>c) Page 6 of the GAC paper says that “privatized state owned business and banks can help better corporate citizenship” – we fear that the agenda of liberalization and privatization is still at the core of this governance agenda. This has to be choice of the developing countries themselves.</p> <p>2. Bank should be irreproachable. The Bank needs to address is own lack of internal “good “governance. It has no credibility and legitimacy in this area – it has a huge responsibility in past corrupt lending to dictators, and its governance structure at the Board where rich countries dominate.</p> <p>3. Bank needs to address the issue of illegitimate/odious debt incurred from past bad lending practices of the Bank and work on asset recovery, despite the lack on international framework on odious debt?</p> <p>4. The international community needs to seriously tackle the problem of tax havens.</p> <p>5. CPIA an indicator is flawed. This is still one-size-fits all – the Bank does the CPIA assessment.</p> <p>6. Governance is highly complex – who can define what is “good” governance-it is not appropriate to use the term “good” governance as who determines what is good or bad.</p>
[Private sector]	<p>1. The Private sector should be a major player in the fight against corruption. However, it is relatively easy to define principles on anti-corruption; it is much more difficult to have effective practical rules and simplified regulatory procedures. Simplifying procedures for businesses is important for private firms.</p> <p>2. Everyone has to play a role in the fight against corruption, this includes respecting laws and regulations, but it is important that companies do not substitute the work of the judiciary or the police</p>

Respondent Type	Consultation Reply
[Academia]	Governance is political, but not only political; it is the way society is governed; governance is good when it fulfills human rights, economic and social human rights: the right to food, shelter, health. There is a collective responsibility to uphold good governance, protect human security.
2. Promising areas of governance and anticorruption reform and potential obstacles	
[Government]	Important to distinguish between grand (state- enterprise) and petty corruption (administration-citizen)- in our indicator we do so-it's a question of approach which has to be different because of different actors
[Rep. Civil Society]	<ol style="list-style-type: none"> 1. Fight against “big” corruption (between the state and big business) should be a top priority, otherwise no incentive for the “mall” (between the state and the people) corruption to cease. 2. What does the Bank mean by “actionable and outcome-orientated indicators”?
[Private sector]	<ol style="list-style-type: none"> 1. There is a strong link between “big” and “small” corruption. Both have to be tackled together. 2. China’s influence in Africa and corruption. One obstacle is China’s important influence and presence in Africa at a level which has never been seen before. Chinese companies are bringing their own staff without using local staff, there is no governance and no financial control on the business they are doing in Africa: India, Brazil and Malaysia are also creating problems too.
4. How to ensure fair and consistent treatment across countries	
[Government]	The Bank has to be very sensitive to the socio-cultural environment in developing countries - corruption is a complex issue and is one often where actors in developing countries are confronted by two different ways of thinking- loyalty /bonds as opposed to legality/the law. In some countries to break the bond of loyalty is punished in a much harsher manner than breaking the law. To take this social phenomenon in account is not to condemn such behavior or promote a weak stance towards corruption, but will help one to engage more effectively in against the “cancer” of corruption.
[Rep. Civil Society]	<ol style="list-style-type: none"> 1. How can the Bank explain that a country such as Mali has better governance indicators than say Senegal and receives less donor money, if the donor community is serious about promoting good governance? 2. How you explain China’s problems and yet its impressive growth if the Bank states that corruption and growth are linked? Is the Bank going to have flexibility in the way it assesses governance to evolving country situations? 3. Do not allow the state to get captured by IMF and World Bank officials – how can governments be accountable to their citizens?

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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	
[Private sector]	The best way to approach the private sector in these issues is through a sectoral approach, encouraging particular sectors to collaborate on anti-corruption efforts and where firms commit to respect a common sector-endorsed code. It would be good for the Bank to work more closely with the private sector sectorally However in the military / defense sector we are not optimistic that this sectoral cooperation would work...
6. How to mitigate fiduciary risk in Bank operations?	
[Rep. Civil Society]	The Bank should stick to its mandate and continue to provide public expenditure and budget management expertise.
7. The Bank’s role vis-à-vis other donors in supporting governance reform	
[Government]	<ol style="list-style-type: none"> 1. Unlike the Bank, one must bear in mind that the EBRD has an explicit mandate to promote democracy in the transition countries of Central and East Eastern Europe. The Bank explicitly does not have a political mandate however, it is now advocating for a closer focus on the demand for democracy. There was a demand in the transition countries of CEE but at that time this was never explicitly expressed by the World Bank in any of its intervention in the region. 2. We refer to “democratic governance”-to the principle of democracy and international norms, and not a particular democratic system itself. 3. The Bank’s mandate is very specific and your actions should be too. All donors have agreed to harmonize and coordinate their approaches.
[Rep. Civil Society]	<ol style="list-style-type: none"> 1. If the Bank is so concerned about government being more accountable to their citizens, then it and other donors need to address the fact that in many developing countries, staff from donor organizations is sitting in Ministries. 2. Developing countries are still experiencing multiple donor missions: they do not have the capacity. Donor must be serious about harmonization. 3. How is the Bank working with the UN Convention on Corruption? 4. The donor community needs to make all funding mechanisms and aid flows more transparent and clear to people in developing countries. 5. African institutions (AfBD etc) and the African people need to be included properly as equal partners in international development discussions.

Respondent Type	Consultation Reply
8. How to monitor progress in governance and anticorruption at the country level	
[Rep. Civil Society]	People in developing countries need to be consulted on the GAC issues.
9. Areas for improvement in GAC strategy and country-level support	
[Government]	<ol style="list-style-type: none"> 1. The strategy is mostly on corruption and not governance. Governance cannot be approached as only an economic problem – it is a lot more complex than this. Furthermore, the Bank has a specific mandate, and each has to do their part and not more. It is also important that the Bank is not seen as a lesson giver. 2. Disappointed that the strategy does not give a global evaluation of governance and anti-corruption to date – just a few examples which is not sufficient. Would like to have seen a good research on the link between governance and liberalization and liberalization and corruption? 3. Where do things stand on indicators?
[Rep. Civil Society]	<ol style="list-style-type: none"> 1. There should be more reference to developing countries stolen assets and asset recovery in the paper. Latest figures show that global assets stolen from developing countries amount to about \$170 billion of which \$4 billion dollars has been restituted. The Bank cannot pursue this without tackling the problem of tax havens, but it is prepared to also restrict capital flows? 2. since governance is broader, corruption is just one aspect - misleading to link in the title of the GAC paper governance and anti-corruption - 3. The Bank should move any governance debate to the delivery of basic services. Privatization has just concentrated service delivery for the rich. The Bank should look at the Africities III experience - network of African local governments and the Yaoundé principles. What is at stake is the discussion of a development fund based on principles built by the actors themselves 4. Decentralization is not a panacea to avoid corruption. 5. How will the Bank deal with whistleblowers?
10. Other key issues	
[Rep. Civil Society]	1. This consultation is welcomed, but how flexible is the Bank’s consultation framework going forward?