

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



JAPAN

(JANUARY 26, 2007)

Participants: 21 participants, including 4 CSOs, 10 Government, 3 academics, 1 MP office, 2 private sector representatives

How did the process fit into ongoing country dialogue?

The World Bank Group has been organizing a number of consultation on strategies, policy dialogue, discussions and seminars with multi-stakeholders in Japan including government, civil society, academics, business, youth etc, to which this process fitted very well. In the earlier round of consultation on the GAC paper was held only via videoconference. This consultation meeting allowed the World Bank to listen directly to Japanese stakeholders on the Bank's GAC paper. Japan's two major implementing agencies, JICA and JBIC will be merged into one unified bilateral aid institution in 2008 (new JICA) and therefore the issues and elements outlined in the GAC paper are relevant and attract attention of government and other stakeholders in Japan at this time.

What were the key issues/themes raised by participants?

Strong and positive support was expressed for the current governance strategy and an active and rich discussion followed with the following conclusions:

1. The strategy should not be used as an excuse for disengagement. The World Bank should remain engaged to support countries with weak governance and do not use as an excuse for disengagement in difficult situations. Poverty reduction is the overarching objective and selectivity or classification based on governance analysis would deprive the world's poorest people who live in weak governance states from vital assistance.
2. Support for governance and anti-corruption interventions, including capacity building for monitoring and evaluation, would always need to be tailored to cope with different situations, and adapted to each country's specific socio-cultural and political context.
3. Improving the World Bank's internal procedures and strategies to ring-fence and cover anti-corruption is vital, but also work at the country level to enhance country systems including building poor capacity, improving regulatory regimes, financial management, and better monitoring and evaluation is equally important. In addition, strong coordination is required among the World Bank and other donors to develop coherent and consistent support schemes to cope with corruption. This approach avoids duplication and leverages the roles of other organizations such as the United Nations institutions who work in similar areas.

4. Support for a multi-stakeholder approach is essential. The World Bank should work together in partnership with UN agencies, CSOs, private sector, local government, and even with emerging donors. The World Bank should do more to engage CSOs and use them more effectively to monitor corruption and results of interventions.

5. The role of private sector and civil society is key to enhance the increased impact of governance and anti-corruption corruptions. Strong support was expressed for the multi-entry-point approach outlined in the strategy to work across several fronts with all relevant actors. Increasing attention and commitment to “corporate social responsibility” activities being developed by the private sector should be fully utilized to address corruption.

Respondent Type	Consultation Reply
2. Promising areas of governance and anticorruption reform and potential obstacles	
Civil Society	In Africa, the era of dictatorship is over. Democracy is created but corruption is part of its culture. Some progress is made in Africa in governance and ownership of government etc, and examination should be made to distinguish and categorize countries in accordance of progress. The role of the World Bank in Africa for improving governance and anti-corruption is crucial. Sanctions are necessary at some circumstances. Setting up timelines and targets are also important.
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Government	Continuation of supporting the countries with weak governance is important, particularly by the form of technical assistance to improve capacity for better governance.
Government	“Top-down” approach should be avoided. Need to create “bottom-up” approach at field level is very important.
Government	It is important that the Bank stays engaged. Donors must be accountable to countries in terms categories by which the donors make decision to support or not, and these categories should be predictable, also donors must also be harmonized. There is always cultural context too. But ultimate goal is to empower the people in developing countries and they are the ones making decision by themselves.
4. How to ensure fair and consistent treatment across countries	
Governance	“Context” is very important in dealing with the issues of governance. How to incorporate contextual perspectives into country approach is important.
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	
Academics	“Positivistic approach” is needed by assuring good collaboration between the private sector with Corporate Social Responsibility (CSR) commitment, and civil society, for practical implementation. Voice of private sector should be effectively heard to developing countries’ government officials. In this regard, UN Global Compact may offer good

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	incentive for multilateral organizations to further involve the private sector. The World Bank's connection with the private companies with strong commitment to CSR is also very important.
Academics	Involvement of civil society, media, business and other stakeholders is needed to enhance the capacity of evaluation and monitoring. Holding seminars and workshops is important but creating a professional association on evaluation and monitoring in developing countries is needed.
Academics	World Bank's key counterpart is the government but it does not mean that the government is "the" only counterpart. Effectiveness of the Bank operations is to meet with the degree of interest of the concerned stakeholders. The key challenge is how to identify key and major stakeholders.
6. How to mitigate fiduciary risk in Bank operations?	
Academics	Project-by-project approach may be limited if the entire country system is not functioning well in terms of governance and corruption. Addressing the deeply rooted system, such as regulations for procurement, is needed. Ultimate goal should be to strengthen country system itself including public financial management. How to balance between project-support and budget support such as PRSC in coping with governance issues?
Academics	Capacity for monitoring and evaluation should be included in country system when supporting it.
Academics	At which level the World Bank would set its standard, when ring-fencing its projects having higher standard? This may lead to create dual system in a country and increase transaction cost.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
Academics	Multi-stakeholder approach is "must". The World Bank is running ahead of the UN agencies, and in that regard, the UN agencies have much to learn from the World Bank.
Government	Multi-stakeholder approach is very important. In addition to partnering with NGOs, it is important to partner with and ensuring good demarcation with other UN agencies, as they have legitimacy to put pressure to the government in certain areas.

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Government	JICA has three aspects in its governance approach. 1) Assistance to development of democratic institutions, 2) improvement of administrative functions particularly at local government level, and 3) Development of legal institutions and law enforcement.
8. How to monitor progress in governance and anticorruption at the country level	
Academics	The World Bank should take a hard approach and a soft approach at a country level to encourage real progress in weak governance
Government	Not only the current status of governance, but also trend in terms of whether governance is getting stronger or weaker, should also be looked at. Monitoring by dispatching quality specialist is also very important.
Academics	Effective monitoring and evaluation system in developing countries is very importance, and it is needed to pay attention to socio-cultural context. A cycle-model is needed where evaluation of the outcomes at all levels (project, program and policy) and feedback should be made to a new planning stage. Monitoring and evaluation system should not be a formal one, but an actual and working one. Before establishing such system, assessment of various elements including socio-cultural contexts. Capacity building of the user of these monitoring and evaluation outcomes should be built too.
9. Areas for improvement in GAC strategy and country-level support	
Academics	The strategy should have reference to instruments to improve human right or right-based approach. Engaging civil society, strong civil society is needed. Enhancing civil society, free media, freedom of expression, freedom of assembly would also be needed.