

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



RWANDA

(JANUARY 15-16, 2007)

Participants: Participants were drawn from Civil Society, the Private Sector, Parliamentarians, Government and Rwanda’s Donor partners. At the Government level participation was at a high level with four ministers attending and participating actively (see attached list).

How did the process fit into ongoing country dialogue?

The Government of Rwanda has made good governance and the fight against corruption a central element of its development agenda and has demonstrated strong political will to address these issues. Rwanda is generally seen as one of the countries in Africa with relatively low levels of corruption. Nevertheless it is still recognized that this is an important development challenge. Given the country’s history, governance issues are also challenging. The World Bank country dialogue on governance and corruption has been conducted through several channels including the quarterly meetings of the Budget Support Harmonization Group, the semi annual Budget Support Reviews, the annual Development Partners meeting between Rwanda and its donors partners, and through supervision of other projects in the portfolio notably the Public Sector Capacity Building Project. Overall the dialogue has been fruitful.

Last year the release of the WBI report on Governance (Kaufmann et al.) generated a lot of attention and controversy. It suggested that Rwanda has not made much progress or had fallen back—albeit marginally—over the last few years in several areas. Government felt that the assessment results did not fully reflect the progress Rwanda had made and was also not consistent with the messages that were emanating from the ongoing governance dialogue and joint work. There was also concern on the Rwandan side that countries should be involved in determining how governance and anti-corruption progress will be assessed in a manner that reflects the specific country context and the challenges they face. Following this, the Government decided to engage donors on a joint governance framework that will provide a shared vision between Rwanda and its donor partners on the key governance and corruption challenges, how these would be addressed and most importantly how progress on this front would be measured. This is an important step forward in the dialogue and the work is just beginning. The Government also created the Rwanda Governance Council to serve as an independent think tank focused on governance and corruption issues that will keep government and other stakeholders fully informed on the various aspects of the governance and corruption challenge in the country through research and analysis on the subject.

Coming a few months after the WBI report, the GAC consultation provided a good opportunity to seize the momentum created by the heightened attention to the topic to deepen the dialogue with the Bank. It was also an opportunity to discuss further government ideas on the Joint Governance Framework. It launched a more systematic dialogue on Governance and Anti-Corruption with more

active participation of the Country Office. It was in particular a good opportunity for the Bank to begin to engage more meaningfully with civil society, private sector and parliamentarians (non-government actors) in Rwanda on these issues. Several of them expressed their delight that this initiative had taken place and requested that this not be a one-off event but rather the beginning of a much stronger partnership between the Bank and non-government actors on these issues.

What were the key issues/themes raised by participants?

- ***Root causes of weak governance and pervasive corruption need to be better understood***
 - Strong analysis is needed on the root causes of weak governance and corruption to form basis for country action and Bank assistance to countries in this area.
- ***Countries should be involved in determining how progress on governance and anti-corruption will be measured***
 - Governance monitoring framework (benchmarks, indicators etc) should not be set by external partners without knowledge and participation of countries. Should be agreed with stakeholders in country
 - Must reflect country specifics and allow for innovative and pragmatic solutions that are rooted in country's cultural context to be seen as progress e.g. traditional gacaca courts to try the perpetrators of genocide, Abunzi (community arbitrators), IMIHIGO (performance contracts signed between the President and mayors in 2006),
 - Should be based on good analytical work particularly a baseline study that gives a comprehensive picture of governance and corruption in the country.
- ***Governance and Anti-Corruption Institutions should be built up and their capacity strengthened.***
 - Several institutions important for governance and fight against corruption (e.g. ombudsman, auditor general's office etc) are only now being set up in Rwanda. Capacity is weak. Lots of attention needs to be given to building these institutions and raising their capacity
 - Capacity of legislature and especially civil society is weak and needs to be beefed up as well
- ***Bank should stay engaged even in very difficult governance and corruption environments***
 - Bank needs to reward good performers with more support and support that is less constraining –e.g. budget support. But also needs to find innovative ways of helping “weak” governments want to change. Should avoid approach that makes such governments “dig in their heels”
 - Bank should help create coalitions in support of change and work with such coalitions to help governments change
 - Bank cannot work around governments forever. Strong and well functioning governments are needed so emphasis should be on getting governments to change.
- ***Success of Rwanda's decentralization process is critical for progress on governance and fighting corruption***

- Will help bring grass roots accountability and improved service delivery to the poor
- But considerable capacity building needed at decentralized levels and fast
- ***Donors need to be coordinated in their approach, dialogue and support to countries***
 - Need to avoid pulling countries in several different directions from different conditionalities of donors
 - As in other areas of development donors should try to coordinate their approach and assistance better

Respondent Type	Consultation Reply
1. Top governance challenges in country	
Government & Development Partners	<ul style="list-style-type: none"> - Capacity constraints. Rwanda is in reality only 13 years old. Several critical institutions including judiciary, independent governance institutions have been absent and are only now being built from scratch. Several lack human (skills) and financial resources and well developed processes and systems. Capacity constraints cut across government, private sector, civil society and the media. - Financial Accountability Systems. Systems for financial accountability in both public and private sector are now being developed. Financial management norms, standards and principles are not well articulated. E.g. accounting standards and financial reporting requirements for private sector do not exist. Auditor General's department created less than a decade ago. Parliament has only recently decided to put in place a Public Accounts Committee (PAC). - Citizen and stakeholders awareness. Citizens and stakeholders such as the media, private sector and civil society, have weak awareness of and information on the issues, and of their expected role in fighting corruption and bad governance. - Analysis on Governance and Corruption. Analysis around governance and corruption, appropriate tools for making progress and how progress can be objectively measured are lacking. Need more evidence based and scientific analysis of these issues - Culture. Rwanda's culture of silence allows weak governance and corruption to go unpunished. Concepts related to human rights etc are quite new concepts in the Rwandan context and will take time to be fully understood and inculcated.
Legislature	<ul style="list-style-type: none"> - Capacity Constraints. Similar to point raised by Government and donors above. Institutions are young, and have limited human and financial capacity. Weaknesses in oversight institutions and of media and civil society in particular are of concern. - Limited understanding in international community of innovations Rwanda is putting in place to solve the country's unique governance challenges (e.g. traditional Gacaca courts for handling genocide related cases, and use of Abunzi or community arbitrators, performance contracts signed between the President and mayors in 2006 (IMIHIHO))

Respondent Type	Consultation Reply
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - Capacity Constraints. <i>Some points as made above.</i> - Governance and Corruption Analysis. Lack good understanding of the causes, drivers, extent and nature of governance weaknesses and corruption in Rwanda. Need such analysis. - Regulation. Over regulation and excessive bureaucracy slows down business processes and encourages people to try and get around this by paying bribes. - Accountability of Public Officials. Public officials are not held accountable. Public officials should be held accountable even on such basic issues as responding to letters and enquiries, and wasting peoples' time. - Entry into EAC. Entry into EAC where there is perception that corruption is higher than in Rwanda, raises the question of how Rwandan firms can stay alive and refrain from corrupt behaviour. Could this lead to increased corruption in Rwanda? - Citizens' awareness and information. Citizens lack awareness and adequate information on the issues. - Mindsets. Only now that the issues of governance and corruption are being discussed openly. Will take time to change mindsets. - Political Freedoms. Political freedoms are not as broad as would be desired. - Ethics and Integrity. Ethical standards and integrity are lacking.
2. Promising areas of governance and anticorruption reform and potential obstacles	
Government & Development Partners	<p>Reform Areas</p> <ul style="list-style-type: none"> - Financial Management and Accountability. There is a pressing challenge to reform and strengthen financial management and accountability in the public and private sector as well. - Decentralization. Rwanda's decentralization process will help empower citizens - Judiciary. Strengthen legal framework and relevant institutional capacity. - Strengthen institutions that will guarantee transparency and accountability <p>Potential obstacles</p> <p>Poor remunerations and lack of motivation amongst staff working in these institutions</p>

Respondent Type	Consultation Reply
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Government & Development Partners	<p>How the Bank should engage where governance is weak:</p> <ul style="list-style-type: none"> - First question that needs to be answered is who determines that Governance is weak and how? Should not be done externally. Countries and external partners should agree a framework for assessing governance and corruption progress including benchmarks etc. Actual assessment should be independent. - Find ways to build political will to address governance and corruption issues. Focus on support that creates incentives to change. - Find effective sticks and carrots but use in a way that builds desire and capacity to change. Do not use in a way that makes people rebel. - Share experiences of other countries. Let them know that things are done differently in other countries. - Identify and support governance reform coalitions and work with these coalitions to demand change in governance - Strengthen service delivery mechanisms including through non-government stakeholders. But by-passing government and working through NGOs is just a short term solution - Refrain from budget support <p>When to Disengage:</p> <ul style="list-style-type: none"> - Do not disengage fully under any circumstances. This will hurt the poor more than the corrupt politicians. - Change nature of support for example move away from budget support
Legislature	<p>How the Bank should engage where governance is weak:</p> <ul style="list-style-type: none"> - How is corruption assessed? There should be a framework in which participating institutions agree on how well things are being done. - Analyze why there is weak governance and pervasive corruption to form the basis for action. - Work with parliaments to put pressure on government to do the right thing - Help weak governments learn from other countries

Respondent Type	Consultation Reply
	<ul style="list-style-type: none"> - Bring in dialogue with private sector and civil society groups. - Work with private sector and CS to deliver help to the poor - Put in place programs that impact the poor directly - Increase financial and technical capacity in such countries but give clear performance conditions - Disseminate cases of good performance <p>When to Disengage:</p> <ul style="list-style-type: none"> - Under no condition should Bank hold back. Cutting aid can penalize the poor. Bank should stay and identify ways to help - Bank should act as a bank. If there is no return, there is no reason why the Bank should lend
Representatives from Civil Society, Private Sector and Media	<p>How the Bank should engage where governance is weak:</p> <ul style="list-style-type: none"> - Bank should not punish people who need help. Should seek to strike a balance so that help reaches those who need it. - Bank should help design governance standards and ethics programs including for civil society. - Bank should help put in place a mechanism of rewarding whistle blowers who would provide the necessary information to act upon. - The Bank should help in designing strategies for effective information dissemination and sensitization on relevant reforms to different stakeholders - Bank should assist to strengthen the capacity of stakeholders involved in the fight against corruption, including non-state actors (civil society and the media) - Bank should insist on good governance and empower citizens including through education and awareness - Decentralize Bank funding closer to the people <p>When to Disengage:</p> <ul style="list-style-type: none"> - The Bank should never consider restricting or stopping funding since this will hurt the poor. <p>Bank may consider channeling funds to organizations deemed less corruption</p>

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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	
Government & Development Partners	<ul style="list-style-type: none"> - Empower media to help it objectively inform on governance and corruption including through education, building their skills and giving them tools - Direct engagement between Bank and these stakeholders is good but Bank should remember that non-government actors also have high levels of corruption - Since weaknesses in government permeate these non-government actors as well, it is important for the Bank to identify which of these partners can be used as a catalyst for governance improvements. - Bank should help strengthen the legal framework for the operation of civil society - Bank needs to recognize that non-government actors and government are products of the same society. Need to help set up partnership frameworks between these different sectors that allows the different parts to recognize their complementarities
Legislature	<ul style="list-style-type: none"> - Build capacity of these stakeholders by providing technical assistance to them in various areas including management, project preparation, subcontracts that can generate other business in the private sector, ICT, education, awareness raising - Help them to integrate into the government's global development strategy - All sectors of the society need to cooperate for a country to develop. World Bank should help prepare a strategy to achieve such collaboration and facilitate the achievement of such collaboration - World Bank should create conditions for the growth of such stakeholders without undermining their independence e.g. through excessive dependence on World Bank funding
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - Bank should analyze how non-state actors can interact with government effectively and help build their capacity to do this - Hold seminars for civil society groups to help build their capacity to engage with government.
6. How to mitigate fiduciary risk in Bank operations?	

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Government and Donors	<ul style="list-style-type: none"> - Bank staff should always seek to ensure consistency between financial and physical implementation - Bank should support capacity of SAIs to carry out audits of projects - Pressure on Bank staff to disburse quickly should be reduced. Bank staff should instead be patient and take the time needed to help local systems develop - Knowledge and understanding of local context is important. Teams from Headquarters need to take the time to consult sufficiently and build their understanding. - Bank needs to reduce number of PIUs scattered all over the place. They should be consolidated. - Bank should clarify conditions it requires to work through government systems - Bank use of budget support can help to strengthen government systems. - Bank can provide information to beneficiaries on amounts of resources provided so that they can hold implementors accountable - Bank needs to put in place strong M&E systems
Legislature	<ul style="list-style-type: none"> - Bank should build capacity of oversight institutions and conduct joint audits of its financing with these institutions - Bank should build the capacity of the auditor general's office for this - Bank should encourage preparation of value for money audits on its financing and disseminate results - Bank and Government should discuss with beneficiaries the impact of Bank financial assistance. Baseline studies should be prepared to help monitor this - Bank and Government should be transparent on how much money is provided and available and build mechanisms to monitor and evaluate use of these resources. Budget support does not necessarily go to the government coffers. - There should be accountability and transparency and joint monitoring in the partnership
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - Bank should provide more financial assistance through Civil society - Institutions entrusted with implementing bank financial assistance should be held accountable. Bank should help build the capacity of these institutions - Bank should restrict use of budget support. Confine assistance to specific projects - Bank should include other participants (other than government) in mid-term reviews - Bank should review and strengthen monitoring and evaluation systems - Bank is too rigid. This can promote corruption on its projects.

Respondent Type	Consultation Reply
7. Should donors have a more common approach? How can the role of multinationals from industrialized countries in corruption be addressed	
Government & Development Partners	<ul style="list-style-type: none"> - Donors should harmonize understanding of and their methodologies on governance - Donors should agree with government a joint country performance assessment framework and a joint monitoring framework while also avoiding risk of donors ganging up on government - Donors should have a coordinated rather than a common approach. This should come out of in country processes—in Rwanda’s case for example the proposed Joint Governance Framework. Thus donors should coordinate approach in terms of working on what comes out of the framework. The start that the AfDB has made in this regard in initiating a Governance Profile for Rwanda should be built on - How is World Bank coordinating with other donors to reduce risk of further duplication of effort in this critical area? - Both Sweden and UK have articulated clear positions on how they will deal with their companies who behave corruptly in their transnational operations
Legislature	<ul style="list-style-type: none"> - Donors should simplify their processes and requirements on governance and the fight against corruption and make conditions lighter. - Donors should establish common governance and corruption indicators and reduce the number of such indicators - Bank should help strengthen developing country capacity to negotiate with multinational - Bank should denounce and shame multinationals who engage in corrupt behaviour
8. How to monitor progress in governance and anticorruption at the country level	
Government & Development Partners	<ul style="list-style-type: none"> - Countries and external partners should agree a baseline, benchmarks, indicators and a methodology for monitoring progress at the country level - Each country is unique and details of monitoring framework and benchmarks could differ - Donors should be transparent in their monitoring and assessment of progress at the country level
Legislature	<ul style="list-style-type: none"> - There should be a common framework within which all participating institutions agree on how to measure governance and anti-corruption improvements - The legislature should be involved right from the beginning

Respondent Type	Consultation Reply
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - How to measure governance performance has to be clearly defined from the outset - A credible baseline governance and corruption survey is needed to form the basis for measuring progress. - Need to establish clear indicators and a unit tasked with monitoring and evaluating governance and anti-corruption progress. - Bank should collaborate with independent institutions in country to share information for monitoring governance
9. Areas for improvement in GAC strategy and country-level support	
Government & Development Partners	<ul style="list-style-type: none"> - GAC should explore more options for Bank engagement in weak governance countries to eventually encourage good governance - Beef up capacity building support to Rwanda - Provide further support for Rwanda's decentralization process - Provide more support in the area of financial management including building the relevant country institutions - Support strengthening of the judiciary
Legislature	<ul style="list-style-type: none"> - Bank should beef up broad capacity building support to Rwanda. - Bank should do more to build capacity of non-government actors - Bank should support judiciary reform
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - GAC strategy should give more emphasis to the importance of good corporate governance and make this more a part of the strategy. - GAC should pay more attention to corrupt behaviour of Bank staff - Bank needs to support Rwanda more on corporate governance. A lot could be done including on identity issues as it relates to implementation of corporate ownership rules - Bank needs to beef up support for CSOs especially building their capacity through training and providing them more financial resources. Funds that are received from the Small Grants Program are really small and do not do much - Bank should give much more support to the ongoing decentralization program especially building capacity at lower decentralized levels - Bank should support training of more accountants.

Respondent Type	Consultation Reply
10. Other key issues	
Legislature	<ul style="list-style-type: none"> - Bank should demonstrate its commitment to development by addressing the debt of African countries. Countries cannot develop when they are paying a high debt burden. - Bank should be totally transparent in its dealings with Rwanda and not give government impression that things are getting better and then publish conflicting information/analysis - Consultations should continue on regular basis
Representatives from Civil Society, Private Sector and Media	<ul style="list-style-type: none"> - IFC should have programs that are suited to Rwanda's needs. Should not propose financial products that are designed for more developed economies - This consultation should not be a on-off event. Bank office should consider a regular dialogue with CSO and private sector groups perhaps once every six months to talk openly on these issues