

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



WASHINGTON DC –BROOKINGS INSTITUTION (TI CHAPTER)

(DECEMBER 19, 2006)

Participants: Participants included representatives of US-based CSOs, private sector, academia, former World Bank staff, and some US government agencies.

What were the key issues/themes raised by participants?

- Civil society and media are vital to promoting good governance, and the Bank should provide do more to support their efforts, including greater financing.
- The Bank was encouraged to value-added of engaging the private sector on the GAC strategy, and that the Bank can do much more to encourage ethical behavior by the companies with which it works.
- Concerns were raised about the use of country systems. The Bank was encouraged to stand by its own procurement guidelines and processes and to fully implement them.
- The validity of the Bank's governance indicators was questioned.
- The GAC strategy should place more emphasis on project level interventions, namely increasing disclosure and participation in Bank operations.

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	Bank should engage business associations who have already developed tools to promote ethical corporate behavior e.g. handbook for good practices, codes of conduct, etc. for their members. Offer to meet with Bank to pursue this proposal.
Civil Society	Bank strategy should support and reinforce the work of local actors and institutions on GAC; be careful not to displace them
Civil Society	Examples in GAC presentation presuppose that civil society and the media can actually function and use data in a way that allows people to hold the government accountable. This is not true in many parts of the world. It is critical that the Bank is willing to speak out more systematically about these issues where civil society and media can operate freely and independently. Bank has done this in some cases.
Private Sector/Civil Society	How creative can the Bank be in engaging with the private sector and civil society, especially in challenging places e.g. Russia? In Russia, there is a disturbing trend; state capture is being replaced with business capture.
Civil Society	How does the Bank plan to become more involved in judicial sector reforms? What is the Bank's commitment to more transparency and accountability in the judicial sector?
Civil Society	How does the Bank intend to work in countries where the government has a close relationship with the media? Or in a situation where there is a large private sector conglomerate that controls the media (i.e. large concentration of ownership)?
Civil Society	CSOs can play a vital role, but what does it mean when governments finance CSOs? What incentives do governments have? (e.g. Brazil) CSOs operating on government funding versus other independent sources of funding have constraints in their ability to do their job.
Civil Society	Challenges the Bank to take "bold" initiatives to create tools to support civil society and media, as the Bank has been able to do in other areas e.g. micro-credit.

How to mitigate fiduciary risk in Bank operations?	
Civil Society	Bank should place more attention on project level vs. country level in GAC strategy – to catalyze and replicate good practices and successes in transparency and public participation throughout the project cycle
Civil Society	Promote more options assessments
Private Sector	Bank’s procurement guidelines and standard bidding documents are the gold standard and best practice – don’t abandon them. The term “ring fencing” is a negative; in fact, Bank has brought about higher standards. Concerned that OECD DAC version 4.0 paper being piloted now is a significant dilution from the previous version; WB should reexamine its support for this.
Private Sector	Bank’s new procurement guidelines requiring procurement plans for each investment project be published annually, but there are only a handful so far – implement this. Bank can make better use of its existing tools.
Private Sector	Need more systematic compliance. No matter what you do, there will be cases where some employees don’t follow codes of conduct. So the Bank should do more to ensure that the companies it works with have made a good faith effort to enforce a vigorous compliance policy, beyond just having a code of conduct. This signaling effect would be very important. Bank should also help small and medium enterprises develop such compliance policies.
Private Sector	Strictly enforce WB existing contractual requirements, and put early warning system in place to report problems.
Civil Society	Bank should directly encourage the private sector to put effective compliance measures in place. Bank can lead by example, by rewarding firms who do this.
Private Sector	Education and training is needed for certain industries to raise awareness of corruption.
Private Sector	Companies are willing to do business in those countries with Bank operations. The Bank is seen as a honest broker.
How to monitor progress in governance and anticorruption at the country level	
Civil Society/Private Sector	Be careful about linking data on good governance performance to Bank lending; data is very short, and indicators of performance in GAC will change at best very slowly. Bank would be naïve to think that its data could become the authority on good governance.
Academia/Think	Indicators that exist, whether of corruption or of perceptions, are not adequate metrics – they are not useful in helping

Tank	someone decide, “How can I change? How can I measure one year to the next?”
Academia/Think Tank	Has the Bank looked at its evaluation framework for unintended consequences?
Private Sector	There does not appear to be any rigid classifications or country rankings that seem to be the basis for WB decisions, so it becomes a value judgment. Would be useful to classify countries in some way.
Academia/Think Tank	Bank needs to look at how it can alter incentives for its staff to do project design with a view toward strengthening controls
Areas for improvement in GAC strategy and country-level support	
Civil Society/Private Sector	Bank should regularly survey people in its client countries to ensure that its GAC policies and approaches are well understood, with a view toward building public support and understanding
Civil Society/Private Sector	The Bank should consider setting up a governance and anti-corruption advisory panel in each country that could on a regular basis (every 6 or 9 months) hold public hearings to evaluate the Bank’s governance work.
Private Sector	Strategy should address more concretely how Bank will try to promote a competitive and responsible private sector
Civil Society	GAC Strategy should address specific avenues of financing for civil society engagement and capacity building
Civil Society	GAC strategy should address the underlying problems of transparency and accountability, which include restrictions on civil society and media freedoms. The Bank should consider the use of Bank documents and tools such as the CAS and the PRS process to hold the government accountable. Initiatives like EITI will not be successful unless some of these underlying problems are addressed.
Civil Society	Strengthening monitoring by civil society is a critical element in promoting transparency and accountability. Bank should be more supportive of efforts by civil society, which are often low cost initiatives can go a long way. CSOs cannot be beholden to governments; they must be able to access independent sources of financing.
Academic/Think	The Bank spends so much money on enforcement and conduct/rules and not enough on addressing the influences for

Tank	corruption. Bank should look at tools beyond lending purposes.
Civil Society	Need to have medium to long term view of next steps. Wants to know what will be process going forward. Will there be a synthesis report on all of the feedback received? Will there be an ongoing process for feedback during the implementation phase? How will civil society be involved?
Civil Society	Lay out specifically how does the Bank intend to engage “champions of reform”?
Civil Society/Private Sector	Bank needs to talk more openly about political issues.
Other key issues	
Think Tank/Academia	How will the consultation feedback result in operational changes?
Government	How does the Bank plan to engage in an environment where the government may not be interested in reform?