

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



SPAIN, ITALY, SWEDEN, THE NETHERLANDS

(JANUARY 17, 2007)

Participants:

Madrid

Mr. Luis Orgaz, Deputy Director IFIs, Ministry of Economy and Finance
Mr. Agustin Navarro, WB-desk, Ministry of Economy and Finance
Ms. Carmen González, Intermón (OXFAM-Spain) and representing Spanish NGO umbrella organization.

Italy

Ms. Francesca Manno, Deputy Director, International Financial Relations, Ministry of the Treasury (OBSERVER)
Prof. Giovanni Tria, Professor of Economics, Università di Tor Vergata, Rome
Mr. Mario Graco, Deputy Director, Italian NGO Association

Stockholm

Mr. Per Trulsson, Deputy Director, IFI-group, Ministry of Foreign Affairs
Mr. Martin Hallberg, Intern, IFI-group, Ministry of Foreign Affairs
Ms. Ewa Westman, Senior Advisor, Division for Democratic Governance, Sida
Ms. Madeleine Hagg-Liljestrom, Adviser Dept. for Policy and Methodology, Sida
Ms. Ina Eriksson, Senior Adviser Dept. for Policy and Methodology, Sida
Ms. Eva Parry, Anti-corruption Adviser, Legal Division, Sida

The Hague

Mr. Jan Willem van der Kaaij - deputy Director Foreign Financial Relations, Ministry of Finance (Chairman)
Mr Marcel van den Bogaard, Senior policy advisor, Ministry of Foreign Affairs
Mr. Pieter Jansen, Both Ends (NGO)
Ms. Sasja Bökkerink, Oxfam Novib (NGO)
Observers:
Mr. Martine Rutten, policy advisor, Ministry of Finance
Ms. Marloes Geelen, Policy advisor, Ministry of Foreign Affairs

What were the key issues/themes raised by participants?

Stockholm

- Harmonized and aligned efforts to promote good governance and fight corruption.
- Capacity building to strengthen governance rather than project ring fencing

- Need for clarification of the legal borders of the Bank's legal framework outside interaction with governments.
- INT should find ways to include donor partners in anti-corruption investigations.
- Need for accountability to the poor, and oversight of poor of good governance strategy.
- The ARDE provides guidance

Madrid

- Need for upfront-specified triggers
- Role of the Board is important
- Ensuring consistency and equal treatment to all countries
- Engaging with civil society and other non-central government constituencies
- Capacity building of World Bank staff in country offices

Rome

- Competition among legislative branches in specific anti corruption initiatives
- Global collective action to include China in GAC strategy
- Developing new country indexes for GAC purposes.
- How the Bank is planning to involve CSOs in its mechanisms, financing included

The Hague

- Has empirical research shown that anti-corruption policies have a positive effect on poverty reduction? More independent analysis necessary.
- The WB should investigate adopting human rights criteria in its lending operations (make decisions on whether or not to disburse loans subject to human rights – see example of EBRD in Central Asia).
- More transparency on the criteria of 'good governance'. Who can take the decision on what is good governance?
- Collaboration with other initiatives – UN Corruption convention and OECD DAC. The OECD looks at the demand and supply side.
- WB, including IFC, to reconsider the principle of 'prior and informed consent' in its safeguards for large projects.
- No financial support from the Bank for CSOs as they have to remain their independence.
- Consistency of good governance indicators across all borrowing countries
- Will the Bank use other criteria than the CPIA indicators?
- Important role left for the Board to discuss the GAC strategy
- Urges to undertake joint assessments with other donors
- Strong collaboration with local civil society (including NGOs, media, private sector) is necessary – could be built in procedures

Respondent Type	Consultation Reply
1. Top governance challenges in country	
Government	Further discussion with the Board is important (The Hague)
2. Promising areas of governance and anticorruption reform and potential obstacles	
Government	Upfront-specified triggers: how does the WB define them, what type of triggers? (Madrid)
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
Government	<p>Can the Bank further comment on the link between corruption and the Bank's engagement? (Madrid)</p> <p>Two particular points are of interest. First, as countries with greatest developing challenges are often those with most governance and corruption problems, the Bank needs to play a role in reinforcing the institutional system of these countries. Another point is disengagement in certain sectors, like health, which they do not support even in the worst scenario of corruption (Madrid)</p> <p>Upstream coordinated assessment of engagement level. (Sweden)</p>
4. How to ensure fair and consistent treatment across countries	
Government	<p>Role of the Board, especially to ensure consistent and equal treatment across countries (Madrid)</p> <p>Will the Bank use other governance indicators other than CPIA? (The Hague)</p> <p>Consistency of good governance indicators across all borrowing countries. (The Hague)</p>
Rep. from Civil Society	Need for independent analysis: who decides what is good governance? (The Hague)
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	<p>Help countries establish a legal framework for a free media. (Stockholm)</p> <p>How will the WB engage non-government partners while maintaining the balance with central governments, which are the main counterparts? How will it guarantee objectivity or neutrality in finding new non-government partners? (Madrid)</p> <p>(Although it is advisable to extent the Bank's collaboration with non-central government organizations, these efforts should be pursued with caution, never forgetting that the main partner of the Bank has to be the central government. The Bank should avoid favoring lobbies or</p>

Respondent Type	Consultation Reply
	<p>elites with private interests and guarantee its political neutrality). (Madrid)</p> <p>Provide financial support to Media Loan Funds (example: www.misa.org) (Stockholm)</p> <p>What are the legal borders of the Bank's engagement outside government? (Stockholm)</p> <p>Strong engagement with civil society, media and representatives of the private sector is necessary – can could be build in procedures (The Hague)</p>
6. How to mitigate fiduciary risk in Bank operations?	
Government	<p>WB projects and programs should not be ring fenced. Efforts must go into building capacity for governance in partner countries, to safeguard all development – as well as domestic – resources. (Stockholm)</p> <p>Involve the poor in programming, in follow up, in execution of activities and oversight of resource use. (Stockholm)</p>
7. The Bank's role vis-à-vis other donors in supporting governance reform	
Government	<p>The World Bank should cooperate closely with other actors, bilateral and multilateral, both at policy and operations level, in accordance with the principles of the Paris declaration. (Stockholm)</p> <p>Assessments at country-level should be coordinated approach with other donors. (The Hague)</p>
Rep. from Civil Society	<p>Coordination with other anti-corruption initiatives such as the UN convention and the OECD / DAC is important. (The Hague).</p>
8. How to monitor progress in governance and anticorruption at the country level	
Rep. from Civil Society	<p>What is the empirical evidence between poverty alleviation and anti-corruption policies? (The Hague)</p> <p>Capacity building of WB staff in country offices to implement the strategy (Madrid)</p>
9. Areas for improvement in GAC strategy and country-level support	
Representatives from Civil Society	<p>WB, including IFC, to reconsider the principle of 'prior and informed consent' in its safeguards for large projects (IFC goes a bit further). (The Hague)</p> <p>Bank should incorporate human rights in the criteria of whether or not to lend to a country. Example is EBRD in Central Asia (The Hague)</p> <p>Develop new and better GAC indicators at the country level (Rome)</p>
10. Other key issues	

Respondent Type	Consultation Reply
Government	ARDE provides useful tips, including interaction with sub-national governing bodies or municipality level as a way to bypass government problems. (Stockholm) INT should find ways to include donors in investigations of corruption. (Stockholm)
Rep. from Civil Society	Global Collective Action towards China and other emerging donors to curb practices that do not take into account GAC principles (Rome)