

Preface

1. This paper was submitted to the Development Committee for discussion at its meeting in Singapore on 18th September 2006.
2. The Development Committee set out its views in paragraph 8 of the Communiqué issued at the conclusion of the meeting:

Actions to promote good governance are crucial to successful development and poverty reduction, and helping member countries on these issues is therefore important to the Bank's mission and to achieving the MDGs. Tackling corruption effectively and firmly is a significant part of this. The principal objective of the Bank's governance work should be to help develop capable and accountable states to deliver services to the poor, promote, private sector led growth and tackle corruption effectively. We supported the Bank's engagement in governance and anticorruption work. Country ownership and leadership are key to successful implementation. Governments are the key partners of the Bank in governance and anticorruption programs, while, within its mandate, the Bank should be open to involvement with a broad range of domestic institutions taking into account the specificities of each country. We also emphasized that predictability, transparency, and consistent and equal treatment across member countries are the Bank's guiding principles. In stepping up attention to governance and anticorruption in Country Assistance Strategies, we asked the Bank to further develop and use disaggregated and actionable indicators, recognizing that IDA resources will continue to be allocated through the existing Country Performance and Institutional Assessment and Performance Based Allocation system. We recognized that the strategy will evolve with implementation and in the light of experience, but the paper sets out a framework for continued Bank engagement in this work and the further consultation which is planned with partner countries, with the Fund and with other donors and multilaterals, with civil society, and with the private sector. Given the importance of this issue, we stressed the importance of Board oversight of the strategy as it is further developed and then implemented, and we look forward to a report from the Board at our next meeting.

3. In the light of this guidance, the Bank has set out a work plan for the coming months, to include further work within the Bank on a number of policy issues, further experience in our engagement at the country level, and further consultation with external partners and stakeholders.
4. This paper will be reviewed, revised as necessary, and endorsed by the Board in the first quarter of 2007, in the light of this further work. Any changes in operational or other policies will be subject to approval by the Board.
5. As requested by the Development Committee, this work will be taken forward in close collaboration between Management and the Board, and a further report will be submitted to the next Development Committee meeting.