GAC in EAP

Country Led Governance Reform
I. East Asia and Pacific Governance Context
II. EAP’s Governance Approach
III. Organizing to Support GAC
IV. Taking GAC Forward in East Asia Pacific
East Asia and Pacific Governance Context
As EAP economies recovered from 1997 crisis...
- Government effectiveness improved through core public management reforms
- Higher profile on corruption
- Emerging regional cooperation (ASEAN)

But serious shortcomings and a puzzling paradox persist...
- Political openings, but limited voice and accountability still constrain governance in some countries
- Will governance constraints hinder future development?

Current crisis carries risks and opportunities
- Fiscal stimulus spurs rent-seeking
- Governments facing social pressure backslide on political and economic reform
- But crisis reinforces existing citizen demand for better governance
EAP’s Governance Approach
Core Principles of EAP Governance
Drive A Five-Pronged Approach

- GAC initiatives must be led by stakeholders in the **region**
- EAP is serious about building **country systems and institutions**
- We will **customize** our products to serve highly diverse clientele

1. **Supporting Country Momentum for Reform**
2. **Mainstreaming GAC in the Sectors**
3. **Leveraging Country Change through GAC-in-Projects**
4. **Organizing EAP’s Governance Work**
5. **Tracking Results to Make A Difference**
Improved governance results

- **Traction:** Innovative political analysis identifies binding governance constraints (Mongolia, Cambodia, PNG, TL)
- **Challenge:** Building lasting stakeholder coalitions for reform action

Upstream, strategic governance at country level

- **Traction:** Global networks for quality MIC advice (Thailand CDPG & DPL, China CSR & corporate governance)
- **Challenge:** FS approaches on unique capacity and security concerns
- **Challenge:** Global initiatives (e.g. STAR) to fit country priorities

Strengthening regional relationships on governance

- **Traction:** Anticorruption commissions alive and well in EAP despite IEG critique (Indonesia, Thailand, Mongolia); surprising accountability mechanisms in closed political systems (VN, China)
- **Challenge:** Evidence needed on what works – and why

Tailored services for diverse country conditions

- **Traction:** Trust on public management leads to broader governance reform (VN, Cambodia, Thailand, Lao PDR)
- **Challenge:** Maintain reform dialogue, with client setting pace

Strengthening Country Governance Engagement

- **Traction:** Entrée via CDD when government moving slowly on governance (Indonesia KDP Scale-up, Cambodia DFGG)
- **Challenge:** Coordinating governance supply and demand

Demand-side initiatives

- **Traction:** Global networks for quality MIC advice (Thailand CDPG & DPL, China CSR & corporate governance)
- **Challenge:** FS approaches on unique capacity and security concerns
- **Challenge:** Global initiatives (e.g. STAR) to fit country priorities
Mainstreaming GAC in the Sectors

- Sector-wide and thematic assessments and development of good practice (Philippines – innovative AAA by cross-sectoral teams in transport, health and education)

- **Four** priority governance themes:
  
  - **Financial and Corporate Sector**
    
    - Strengthening regulatory governance (Vietnam, Mongolia, Cambodia, Lao)
    - Improving corporate governance improvements (state asset mgmt in China)

  - **Natural Resource Management**
    
    - Enhancing mgmt of mineral resources (Cambodia, PNG, Mongolia, Timor Leste, Lao PDR)
    - Strengthening transparent regulatory process in forestry with civil society (Indonesia, Cambodia); regional coordination (Forest Law Enforcement and Governance)

  - **Social Protection**
    
    - Just-in-time guidance on SP design for food and financial crises
    - ASEAN forum on governance in social safety nets

  - **Transport**
    
    - Evidence-based assessments of anti-corruption remedies (Indonesia roads)
    - Political economy analysis to underpin procurement reform (Philippines roads)
Enhancing Development Effectiveness Through GAC-in-Project Approach

Impact on Country Systems
- Evidence on benefits of GAC measures
- Country level procurement and FM assessment
- Piloting use of country systems
- Projects as pilots for national programs

Design
- Innovative civil society engagement and oversight
- ACAP lessons on review and client ownership
- Staff training
- INT consultations

GAC-in-Projects:
- Transparency
- Accountability
- Participation

Implementation
- More supervision and resources for project at risks
- Pilot thematic fiduciary supervision
- Work with INT and government on approach to strict handling of fraud and corruption (sanctions and remedies)

Quality Assurance
- Multi-stage risk review:
  - Identification (upstream – PCN)
  - Mitigation (preparation and RMR)
  - Flag high risk (senior mgmt reviews all risk projects)
Integrating Country-, Sectoral- and Project-level Work to Leverage Country Governance Reform
Organizing to Support GAC
Staffing, Knowledge and Learning

Staffing

- Major governance staffing increase from FY07 to FY09
  - 80% field-based
- Need to leverage country-based LRS staff for GAC work

Knowledge and Learning

- Specialized training for TTLs to build GAC skills
- Field-based Governance Hub will create community of practice and develop frontier knowledge
  - Build regional relationships
  - Collaborate with sector units and country teams
EAP Governance Structure

GAC Implementation Committee
- Chair: DSO
- Rotating CD representation
- Sectoral Members: COSU, SD, HDN, PREM

Hub-based Secretariat

WB Anchors
Other Regional Partners (e.g., CSOs)

Regional Institutions (e.g., ASEAN)
Donors

China/ Mongolia
Southeast Asia
Vietnam
Pacific
Indonesia
Philippines
Key results in one year’s time:

- New CASs include results framework with explicit criteria to assess progress on governance reform in years 2, 3 and beyond
- Expanded partnerships with ASEAN, strategic knowledge institutions in region and (at least) three key donors
- GAC thematic portfolio reviews and best practice developed for priority sectors
- Survey country teams and external shareholders to assess Bangkok governance hub and community of practice
- Strengthened project review process in country teams to ensure appropriate approach to governance
Taking GAC Forward in East Asia Pacific
Going Forward

- **EAP GAC strategy epicenter now firmly rooted in the region**
  - Expansion of country based governance staff and launch of Governance Hub in Bangkok
  - Regional partners expected to assume even greater responsibility for governance reforms

- **With recent food and financial crises...**
  - Flexible EAP GAC response needed
  - But core country systems and regional ownership principles still paramount

- **EAP commits to developing systematic project review**
  - Timely upstream impact
  - Increased attention to implementing GAC measures

- **GAC scale-up requires**
  - Evidence about what works and what doesn’t
  - Spirit of experimentation and innovation