

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK¹**

COUNTRY: TUNISIA

Location of consultation: Tunis

Date: April 5-6, 2007

Consultations between the Bank and representatives of the Tunisian Government, civil society, the media and the donor community took place in Tunis on April 5-6, 2007. Feedback consisted of: (1) a half-day set of extensive discussions with 52 senior government officials, from various Tunisian ministries; (2) a half-day workshop with more than 70 representatives from parliament, civil society, academia, the media, private sector and professional associations; and (3) a two hour meeting with around 20 members of the donor community. A list of Tunisian and donor participants is attached. On behalf of the Bank, the participants included the Country Director Theodore Ahlers (MNC01); Robert Beschel and Charles Adwan (MNSD); and Najat Yamouri (MNAEX).

All of the meetings were moderated by Theodore Ahlers. Charles Adwan served as the rapporteur for the sessions with government, civil society and donors.

Participants:

See Attachment 1

How did the process fit into ongoing country dialogue?

The consultation meetings in Tunisia came as part of a global World Bank (WB) initiative to solicit feedback on its Governance and Anti-Corruption Strategy from its various stakeholders. The consultations were conducted in fifty countries and with more than 3,500 individuals all over the globe. In the MENA region, five countries were selected based on geographical, development level and WB portfolio distribution factors. The five countries are Yemen, Jordan, Egypt, Morocco and Tunisia. The increased attention given by the WB to governance and anti-corruption is due to the growing evidence highlighting their impact on development, business environment and investment climate in a certain country. Discussions on the strategy constituted a first opportunity for the Bank in Tunisia to discuss the WB's role in addressing governance and anti-corruption. Considering the high attendance and the high interest they generated, the consultations met their objective.

¹ This feedback follows the format used for all GAC consultations held by the Bank in other countries.



What were the key issues/themes raised by participants?

A wide array of themes and issues were addressed by the participants. Government officials mostly reflected their concerns towards many aspects of the exercise, while feedback from civil society ranged from welcoming the initiative to expressing suspicions over its real motives. A consistent concern amongst GoT and civil society representatives was the generic nature of the strategy and the inclusion of Tunisia in broad categories that do not necessarily reflect the specificities of the country. Methodological and terminological points were also raised by some participants on the use of the concept of governance and its translation into Arabic. Another concern, expressed by participants in all three meetings, was the highlighting of anti-corruption in the title while governance is a broader concept. Government officials inquired about the usefulness of the consultations in Tunisia after the strategy had already been approved by the board. Bank staff explained that governance is indeed broader than anti-corruption and that the Bank provides support on a wide range of issues that strengthen governance in a country; they also clarified that although the strategy had been approved, it is important to include Tunisia in the feedback which will be relevant for the coming phase of implementation.

The theme of investment climate and business environment was raised repeatedly, and from different perspectives. Many participants amongst civil society, the private sector and donors agreed that the investment climate is a key entry point to address governance reforms. The relevant concerns raised were related to red tape in the administration, a consistent system of graft estimated at five per thousand, and the predation of powerful individuals on successful businesses.

The issue of multi-stakeholder cooperation was also addressed by participants in all meetings, with varying perspectives. While civil society representatives highlighted the need to work with and empower local civil society institutions and the media to improve governance, government representatives were very clear that cooperation between the Bank and Tunisian civil society is not acceptable. From their point of view, cooperation with any actors other than the government is not only a breach of the Bank's articles of agreement, but also a breach of sovereignty.

Finally, on the role of the Bank and its engagement on such issues in Tunisia, feedback varied amongst participants. Government officials and some civil society representatives showed skepticism about the Bank's impartiality, performance and integrity, while highlighting the fact that Tunisia is faring well in terms of governance, growth and development as reflected by most indicators. Other civil society representatives welcomed the Bank's involvement and support while highlighting the need for governance reforms in Tunisia. As for the donors, they stressed the importance of addressing governance and anti-corruption reforms and the need to ensure good cooperation amongst themselves.



Note About the MENA Consultations:

1. In all countries in the MENA region, joint consultations were held involving parliamentarians, members of civil society, business associations and trade unions. It is therefore difficult to disaggregate the views of these distinct constituencies. In cases where observations clearly reflected the views of one group or another, we have broken them down separately. In other cases, they have been listed collectively under the “civil society” category.
2. Most consultations followed a standardized format, in which a brief 10-15 minute Powerpoint presentation was made by Bank staff that drew upon the key slides prepared by the Bank’s Central EXT and laid out the major aspects of the strategy. The discussions with various groups typically consisted of two sessions. The first session focused on the overall governance environment within a particular country. The second session then focused on the five Board-mandated questions to be addressed. After the initial presentation, Bank staff sought to refrain from subsequent interventions to maximize the time available for participant discussion. The only exceptions were: (1) instances where staff were asked to respond to specific questions; and (2) areas where there was a danger that, by not intervening, the quality of the discussions could be compromised by extensive reference to false and/or misleading information.
3. In three of the five countries (Egypt, Jordan and Yemen), external facilitators and/or rapporteurs were used for sessions with civil society, parliamentarians and the media. In Tunisia, the Country Director, Theodore Ahlers, moderated the discussions. To ensure confidentiality, no external moderators or rapporteurs were present for any of the consultations with government, civil society and donors.
4. Finally, in the interest of conserving space, we have deleted blank boxes from the matrix below where specific comments and/or feedback were not forthcoming during the consultations.



Respondent Type	Consultation Reply	Preliminary World Bank Response* (to be updated after Development Committee review)
1. Top governance challenges in country		
[Government]	<ul style="list-style-type: none"> • Corruption is not a phenomenon in Tunisia; it merely occurs in some cases as an exception, the judicial system works very well, same for the procurement system. Furthermore, there are preventive measures in all government agencies to limit the occurrence of corruption. • Tunisia has legislation that sanctions all kinds of corruption, including active and passive forms. Any profit-yielding or commercial activity of any civil servant is very closely monitored to avoid conflict of interest. 	
[Representatives from Civil Society]	<ul style="list-style-type: none"> • Governance is very important for investment; investors look for conditions such as laws, people, guarantees and competitive environment. All these conditions revolve around the administration and this is where the WB can help in improving governance. WB should not only suggest remedies, but also study the causes preventing the administration from becoming an efficient economic tool. • In every transaction, there is the corruptor and the corrupted; in international bids, companies from MENA are not very competitive, in Tunisia it is better; however, corruption can conservatively amount to five per thousand. • Red tape and corruption are even driving Tunisian businesses to fully divert their businesses into exports. • When looking at the investment opportunity cost, one should not only look at the investments that leave, but also at the potential investors who contemplated coming and changed their minds after acquiring certain information about the way things happen. • Such initiatives are welcome; regimes which are most defensive are most suspicious, and this is where it is more necessary to fight corruption. It is also suspicious that we never hear of international reports and indices on governance except through backdoor 	

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	<p>channels, such as in the case of Tunisia.</p> <ul style="list-style-type: none"> • It is important to create national institutions that would work on GAC in parallel with international institutions. • There should be a clear separation between the public and the private spheres, if the private sector is abused it cannot defend itself against the members of the public sector. People who have political power should renounce their financial interests. It is not normal that when a private sector company is succeeding and prospering, it gets an offer to sell part of it to someone that cannot be turned down; this is not healthy for development or investment. • It is troubling to citizens to find similar products with completely different tariffs because of the vested interests of policy makers. • It is good that there are corruption cases that go to court, however, sometimes these cases provide the cover for other more important cases that do not reach the courts. • In general, there is a high awareness of good governance in the administration, however, when civil servants encounter corruption, they cannot speak out because of the taboo that surrounds the issue. 	
[donors]	<ul style="list-style-type: none"> • Stressed the importance to address issues of governance and anti-corruption and to have an enabling investment climate, including freedom of access to information. 	
2. Promising areas of governance and anticorruption reform and potential obstacles		
[Government]	<ul style="list-style-type: none"> • Transparency is a priority for the GoT based on the guidance of the President; we do not need external parties to pressure us to implement it. • GoT is very committed to improving governance and tackling corruption, it has signed in 2004 the UNCAC, which is on its way to ratification. • From a local governance perspective, the citizen is the corner stone of development, if we go back to citizens at the grassroots level, the priority is education, not governance, and this is what GoT has been working on since 1956. 	

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[Representatives from Civil Society]	<ul style="list-style-type: none"> The independence and autonomy of the Central Bank is crucial for any governance work in Tunisia, why does not WB help GoT in this? Red tape and administrative reform. Investment flight and opportunity cost. 	
[donors]	<ul style="list-style-type: none"> Public administration reform and business environment Cooperation and dialogue on governance are more limited in Tunisia than in other countries in the region. 	
3. How the Bank should engage where governance is weak, and circumstances under which to disengage		
[Government]	<ul style="list-style-type: none"> There is a high correlation between poverty and bad governance, so if WB withdraws from countries with weak governance it would be withdrawing from countries that need it the most, thus punishing the poor. The strategy should focus on support to improve governance rather than on sanctions. WB procedures are already very complicated, adding more conditions and requirements will increase the bureaucratic burdens on client countries. 	
[Representatives from Civil Society]	<ul style="list-style-type: none"> As an international organization, the WB can and should address issues of governance due to its responsibility for the good use of resources in general. If the WB is working on governance to improve economic development, it would not be a breach of sovereignty because we have consented on WB's role in helping economically. 	
[donors]		
4. How to ensure fair and consistent treatment across countries		
[Government]	It is counter-effective to deal with all countries as if they belong to the same category and to rank them all on the same index.	
[Representatives]	<ul style="list-style-type: none"> The issue of governance is important but it is also important to address the issue in donor countries as well. 	

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from Civil Society]		
[donors]		
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]	<ul style="list-style-type: none"> On work with civil society, GoT is more advanced than the WB; it had been producing a yearly survey on competitiveness and improved the regulatory framework for the private sector. Current WB statutes do not allow work with civil society. From the strategy one can understand that the WB is heading in the direction of acquiring feedback form government and other actors; it will view the former with suspicion and the latter with credibility; this is a serious breach of sovereignty. This also means co-management, which is not feasible and no country will accept it. WB should go through governments when dealing with civil society otherwise the result may generate tensions. WB should only respond to demand by governments and should not take unilateral action with other stakeholders such as civil society. This would be considered as a breach of sovereignty. 	<ul style="list-style-type: none"> Staff clarified that the government remains the main counterpart of the Bank. However, the past few years, experience in various member countries has shown that development programs are more effective when all development partners are included in the dialogue or participate in the programs.
[Representatives from Civil Society]	<ul style="list-style-type: none"> It is very important to break the taboo about governance; bad governance threatens the whole society. The more the taboo is broken, the more the system can be trusted; the role of national civil society and the media are crucial. 	
[donors]	<ul style="list-style-type: none"> The real challenge will be in implementation, especially on the multi-stakeholder approach. Even if a government approves the strategy, experience shows that it may eventually obstruct its implementation. 	
6. How to mitigate fiduciary risk in Bank operations?		
[Government]	<ul style="list-style-type: none"> Any WB strategy should have two objectives: 1) reducing poverty and 2) using available resources well. If we look at the increasing poverty rates in the world, we realize that the WB has not been 	

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	<p>very successful.</p> <ul style="list-style-type: none"> All developing countries have tried to address governance with varying success. WB should not allocate the scarce resources available to address governance on a global level; it should rather focus only on countries that really need help in improving governance, such as in low-growth, high-poverty countries. Resources and capacity are very important on both sides to reach objectives. Hence, strategy should build realistic expectations based on available resources and capacity. WB statutes do not allow it to pass such a strategy. This answers the question on fiduciary risk, if WB focuses on governance; it is not using its resources for their intended aims. 	
[Representatives from Civil Society]		
[donors]		
7. The Bank's role vis-à-vis other donors in supporting governance reform		
[Government]	<ul style="list-style-type: none"> Many donor organizations have governance programs, yet there is no coordination amongst them. Better coordination is needed. 	
[Representatives from Civil Society]		
[donors]	<ul style="list-style-type: none"> There are many synergies for cooperation amongst donors in MENA on the issue of governance. The strategy has many intersections with other donors' respective strategies. One aspect of potential cooperation is a distribution of roles based on respective mandates, comparative advantage and scope of mission. Better coordination among donors would increase impact and leverage. 	

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8. How to monitor progress in governance and anticorruption at the country level		
[Government]	<ul style="list-style-type: none"> Any strategy should be based on solid indicators, but since such indicators are not available yet, it is not wise or at least normal to pass such a strategy. Tunisia fares very well on most indicators, even those that are prepared by institutions with questionable independence. Even on the WB indicators that are not transparent at all (such as quality of administration and of administrative reform), Tunisia is very close to OECD scores and is improving at a faster rate than OECD countries. Governance indicators should not be based on investment climate indicators. Especially when the latter, such as the Doing Business Indicators, are not very reliable and seem to be based on misunderstanding. They need to be improved, but in cooperation with the government, they should not be just compiled in DC. 	<ul style="list-style-type: none"> Staff responded that many governance indicators are based on perceptions; however, there is a new generation of indicators that is being used increasingly, such as the PEFA indicators that are more actionable. Staff confirmed that Tunisia fares in the mid range on many indicators, meaning that there is also room for improvement.
[Representatives from Civil Society]	<ul style="list-style-type: none"> WB data and indicators are not reliable. It is important to know how will the WB measure and evaluate progress; solid indicators are very important. WB is not transparent, even in its indicators on governance; it provides advice and technical assistance but much of the data is kept secret from the public. It is very important to release the data to help develop local capacity. Even in the case of Tunisia, WB seems to know much more than it says which is not transparent. This is more relevant when you make the link to democracy and freedom of speech. 	
[donors]	<ul style="list-style-type: none"> Launching a Public Expenditure and Financial Accountability (PEFA) assessment is good first step. Because governance indicators are perceptions based, it is more difficult to make the case to the government that governance is a problem they need to address. It is WB's comparative advantage to produce solid reports and indicators, so they should improve governance ones. 	

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9. Areas for improvement in GAC strategy and country-level support		
[Government]	<ul style="list-style-type: none"> • A strategy of such importance should not be adopted at the level of the Board of Directors but at the level of the Board of Governors. • The strategy document is too generic, conceptual and does not contribute anything new. • Governance includes many components including anti-corruption, why does the title give precedence to anti-corruption if it is a governance strategy? • The strategy document only confirms that the WB does not take country realities into consideration when deciding on its policies. The WB is forcing the issue of governance because it has become a fad. • Tunisia is open to learning from other countries, but we refuse to accept off-the-shelf recipes that the WB is used to prescribing and treats as supreme laws. Most of these prescriptions are by the WB are based on an economic perspective, while our approach takes social, environmental and other factors into consideration. 	<ul style="list-style-type: none"> • Staff responded that although the strategy document is rather generic, the implementation phase will be more specific, and will allow the possibility for adaptation to every country context. • Staff explained that governance is indeed broader than anti-corruption and that the Bank provides support on a wide range of issues that strengthen governance in a country.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • Methodologically, what is the definition of corruption? Does the WB adopt a broad or a limited concept of corruption? What is the translation of governance in Arabic? Are there any solid fact based figures on corruption in Tunisia? • Governance is broader than corruption, title is misleading. • If WB goes into depth in every country? and proposes country specific solution, then the strategy would be good. WB should study whether the governance system in a certain country is partnership or state domination and design its policies accordingly. • WB comes with off-the-shelf recipes for reform, but the local experts usually know better. 	<ul style="list-style-type: none"> • Staff explained the definitions of governance and corruption according to the Bank and otherwise. They also explained that there many translations of the term governance in Arabic, out of which the Bank chose what it believed to be the most neutral. • Bank staff explained that governance is indeed broader than anti-corruption and that the Bank provides support on a wide range of issues that strengthen governance in a country.
[donors]	<ul style="list-style-type: none"> • Governance is much broader than corruption, highlighting anti-corruption risks may lead to weakening the governance agenda. 	

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10. Other key issues		
[Government]	<ul style="list-style-type: none"> • Will the feedback from Tunisia have any influence now that the strategy has been adopted? • The WB can hardly give itself the right to evaluate countries while its performance has been assessed as poor by third party evaluators. • It seems that using the governance agenda is to compensate the World Bank's failure in reaching MDGs. • Ownership is very important for this and any other agenda, Tunisia has succeeded in reaching such high development level thanks to a visionary approach that is based on homegrown need for universal education. • An indication of WB success in any country is when the country does not need its support anymore; in Tunisia we are reaching the stage where we find difficulties thinking of needs that the WB can fulfill. 	<ul style="list-style-type: none"> • Staff clarified that although the strategy had been approved, it is important to include Tunisia in the feedback which will be more relevant for the coming phase of implementation.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • Why is Tunisia being consulted on this issue? It would be relevant to us only if we are delinquent on our loans to the WB. • WB and IMF are mismanaged and have bad governance, how can a bad governor promote good governance? • There seems to be focus on southern hemisphere, this initiative cannot be innocent, it gives the impression that it is an attempt to create a supra-national governance body placed on top of countries without their approval. • There is need for more work and research on the correlation between gender and governance. 	
[donors]		