

Strengthening Bank Group Work in Governance and Anticorruption Consultation Session, August 2, 2006 9:30 am – 12:00pm

The consultation session was carried out through videoconference connecting six countries from Latin America, including: Argentina, Bolivia, Guatemala, Honduras, Mexico and Nicaragua. There were 60 participants from diverse backgrounds and sectors, including government, private sector, civil society and academia.

The session lasted for two and a half hours. To start the discussion Daniel Kaufmann, Director of Global Governance at the World Bank Institute (WBI) offered a short introduction on the World Bank (WB) strategy on Governance and Anticorruption. (See an [outline of the strategy online](#)). After the initial introduction there were two rounds of discussion, where participants from the six countries commented on the strategy and provided recommendations. Some of the main recommendations per country are as follows:

ARGENTINA

- It is important to make a link between human rights and anticorruption, including the need to protect freedom of speech and access to information. In many Latin American countries the government is the largest buyer of media products (advertising space and publicity) which gives government power over the dissemination of information; this is also the case for large firms. To avoid the capture of the media, it is necessary to look into issues such as ownership structure and funding of the media.
- Access to information is vital because it empowers people; enabling citizens to supervise government actions.
- Public procurement is one of the biggest areas where corruption occurs, the same as with WB procurement. It would be important to have civil society, notably organizations with relevant expertise, involved not only in ex-post control but also involved in the process from the very beginning, including project design, implementation and evaluation, to ensure a transparent process.
- Civil society and Academia need to play also an important role in the policy dialogue, and should be considered when revising the WB portfolio in the different countries.
- In the strategy paper, there should be reference to the Regional Conventions Against Corruption, such as the OEA Convention Against Corruption, whose peer review mechanisms, has been quite effective in promoting good governance. The Bank could be part of this effort and help strengthen the implementation of the agreement in the member countries.
- Most of Latin American countries will fall under the classification of group 2 (medium corruption and poor governance). In these countries the focus seems to be the executive branch of government, whereas in group 3 more attention is devoted to the demand side. Given that Latin America is a region with a very strong focus on the executive power “presidencialismo”, the anticorruption support should not focus exclusively or even mostly on executive but also on the legislative and judicial powers. Strengthening the role of civil society in these presidentialist countries would contribute to avoid that Bank projects are used for clientelist purposes.

BOLIVIA

- The Ministry of Transparency in Bolivia is committed to the fight against corruption and would like to seek strategies, in collaboration with the WB, to take anticorruption measurements to the smallest entities (districts) in Bolivia.
- Bolivia's President recognizes the great problem that corruption represents and has highlighted the importance of incorporating anticorruption efforts within government policy. He has asked his team and administration to give priority to the issue, and are working on it through the Ministry to Fight Against Corruption.

GUATEMALA

- Latin America needs a stronger commitment from the government and public officials on fulfilling responsibilities with their citizens.
- There is a need for an emphasis on strengthening the capacity of the state to enforce laws and regulations. It has become very common in Guatemala the use, almost generalized of trusts that remove the control over considerable amounts of public resources.
- The WB strategy does not refer to political parties, which are essential to democracy and to preventing private sector capture of government, although also recognized as a source of corruption.
- Access to information is crucial to stop corruption; it would empower citizens to act as watchdogs and stop corruption and bribery. Currently, Guatemala does not have a law of access to information. In addition to the legislation, it is also important to ensure the public administration is able to meet the demand for information. For this purpose, government's administrative systems would need to be updated and improved, control and supervision would be easier and processes would be more transparent (i.e. procurement).
- The values and principles of anticorruption and good governance should be included in formal education curricula.
- Guatemala, together with Transparency International, will be hosting the: 12 International Conference on Anti-Corruption (November 15 – 18, 2006).
- The CAS should include the commitments and responsibilities of each sector to fight corruption as well as actions to enforce transparency. A mid-term review of the portfolio should be done to evaluate progress in terms of transparency and anti-corruption and redesign projects and procedures if necessary.
- A system of Certification in Good Governance is suggested to reward good performing countries.
- There are two areas where anticorruption issues should be focused: prevention and sanction.

HONDURAS

- It is crucial that the private sector be involved in anticorruption efforts; there is great need for private sector development in Latin America. It is a very good step that the WB is finally including the private sector in the fight against corruption. Corruption affects many and benefits very few and the private sector can be an effective ally in the fight against corruption. This is why

private sector development efforts are important, just as it is important to strengthen the efforts of civil society and media.

- The Academia could also be a strategic partner in the fight against corruption.
- Instead of developing new laws/ regulations, first countries should enforce the existent laws.
- In the case of Honduras there are many anticorruption strategies already in place, but with very small results, as revealed in WBI's governance indicators. These indicators should be used as a starting point to develop the strategy. Then countries would be able to establish a set of goals for a set period of time and benchmark their results with the assistance of the indicators. The analysis should have verifiable elements, like the governance indicators, and should include development of a certification process for good performance. The draft strategy takes into consideration good governance policies, but it is necessary to also establish elements that allow certification of these policies and guarantee the development of concrete steps.
- Therefore a system of Certification in Good Anticorruption and Governance Performance is proposed to facilitate access to funding for good performing countries. A certification body would be in charge of assessing progress, not only in Bank projects but in public institutions in the country. Specific aspects should be developed to evaluate the performance of these institutions.
- It is also important that WB project managers are evaluated not only in terms of the disbursement ratio or the size of the portfolio, but also in terms of impact on progress regarding the governance and anticorruption indicators.
- The WB and other international organizations should try to avoid cloning country strategies as each country has specific issues and characteristics.
- Laws that favor specific sectors can lead to state capture.
- Civil society and private sector must be active participants in public dialogue, monitoring the governance and anticorruption strategy and be consulted when important decisions are taken. In Honduras, civil society was unsatisfied when the country reached HIPC completion point despite its law ranking in international corruption indicators.

MEXICO

- The best way to fight corruption is through multi-stakeholder coalitions / partnerships against corruption. The creation of relevant public- private partnerships is essential. For instance, in Mexico key local stakeholders are forming an alliance with the International Chamber of Commerce, to include an anticorruption clause in the formats of commercial contracts, and violation of this clause will be a valid reason for terminating a contract.
- It is important to adopt a broad concept of civil society, to take into consideration social organizations such as indigenous movement, workers and peasants. These groups are currently not taken into enough consideration in the strategy and their involvement can also have high impact in the anticorruption and governance efforts.
- There should be a democratization of the media so that communicated knowledge can serve as the means to empower people. All actors of society should have access to information and be able to get involved in efforts against corruption.

- It is important to incorporate into the strategy a benchmarking system. There is a need to know which strategies and mechanisms are having an impact and which ones are failing. Current studies on corruption focus on case studies or statistical multinational studies, but we do not have a scientific solid investigative basis of comparative politics research, where we can see the mechanism at a project level, as opposed to a country level. The WB should build on the WBI governance indicators, and carry out an international study to find out at a detailed comparative level which policies work and which don't, what are the costs and what are the benefits.
- We are glad that the Bank is focusing on the issue of state capture; corruption is not only bribery. Bribes are very important, and have to be dealt with, but the state capture issue should be given priority in this new strategy. As has been seen in Latin American privatizations and the cases of market regulatory agencies, state capture can be a very serious problem.
- The effort to go beyond administrative corruption and address issues such as state capture is welcome.
- A big unsolved issue is how to utilize transparency tools to combat corruption. In Mexico, one of the perverse effects of the access to information law seem to be that public officials are documenting their decisions less than before passing the law. So we need to understand better under which circumstances transparency leads to reductions in corruption.
- WB should strengthen corruption diagnostics at the country level to assist in developing a strategy and evaluation mechanisms.
- A sectoral approach is obviously important. However, the municipal and state levels are also very important and should not be forgotten.
- In Mexico the private sector is already involved in these governance and anticorruption issues and there are external institutions for control and supervision.
- There is great need to include anticorruption in basic education curricula. The WB should explore ways to support anticorruption in education.
- In Mexico there is also an alliance for Corporate Social Responsibility (CSR) where the largest business associations and civil society are involved. CSR efforts and lessons learned can greatly support business anticorruption efforts.
- A taxonomy of corruption problems must be developed, including such issues as: procurement, internal and external controls and political financing. This will help systematize and classify problems and in turn solve them.

NICARAGUA

- It is important to clarify the concept of governance.
- The judiciary system in Latin America is the most corrupt and addressing this problem must be the main focus.
- Centralism is the basis for corruption; governments with absolute power breed corruption.
- Access to the media is important, but how to utilize the media is more important. They should be used as means to distribute information to society.
- Corruption is not an institutional problem but a societal / citizen problem.
- Informal business models promote corruption.
- The WB should include all sectors of society in developing a country anticorruption strategy.

- For Nicaragua, access to information and transparency is the first step to take in this process.
- Resources to fight corruption are needed to improve the efforts and its results.
- The WB could help promote multi-sectoral partnerships to fight corruption. One way to measure results could be counting the number of organizations / institutions/ businesses that achieve successful coalitions against corruption.
- The WB could also build capacity within government to understand the need for, and utilize, multi-stakeholder partnership approaches.

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