

## Open Exchanges

### Modernization and Simplification Reform: Challenges and Achievements

#### Remarks By Mr. Roberto Dañino

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- I am delighted to be part of this panel to discuss the challenges and achievements of modernization and simplification reform. I join President Wolfensohn in applauding OPCS for organizing this much needed forum where operations staff can hear credible evidence from their peers about how reforms have actually worked, and also where we all can hear about what challenges or successes teams are experiencing as they implement the reforms that we are all working so hard to bring about.
- **I believe, the Legal VPU has a unique role to play in this reform process.** Our lawyers have contributed and continue to contribute to the modernization and simplification process on two fronts. First as **partners with OPCS** in designing, rolling out and interpreting simplified policies and procedures and secondly **as members of task**

**teams** in implementing these simplified and modernized policies and procedures. Because of this dual role, lawyers in the Legal VPU are crucial players in this process and it is extremely important that they continue to add value on both fronts.

- What we have realized in Legal is that to continue to be key players in this simplification and modernization process, **we have to be extremely proactive and fully engaged**. Now how do we intend to do that?

- As most of you know by now, **Legal has designed and is implementing a four pronged strategy**. This strategy calls for lawyers in the VPU to move more aggressively towards:

Client responsiveness

Alignment with the Knowledge Bank

Decentralization, and

Simplification

- Simplification is thus one of the four pillars that make up our strategy.

In fact, **the other three pillars help in the realization of the**

**simplification agenda.** As lawyers continue to be more client responsive, they will challenge themselves to find simpler and more pragmatic solutions. As more lawyers are decentralized, task teams can more easily draw on their legal skills to guide in the interpretation of simplified policies and procedures in a more upstream manner. Also, the lawyers can see first hand how existing policies help or hinder the realization of development by client countries and can feed this information to us at headquarters. And as the Legal VPU becomes more aligned with the knowledge Bank, we develop more expertise to contribute to the modernization of policies.

- **The lawyers in the VPU have come a long way in demonstrating that they are working towards the same development agenda as are all staff.** We have received positive feedback from many colleagues. I am pleased to hear, for example, from the Brazil *Bolsa Familia* project team, that the lawyer on the team (Marta Molareshalberg) was extremely innovative and helpful. We have heard such remarks at different fora about other lawyers and I applaud this positive attitude by our lawyers. However, we know that still more

work is needed and we are committed to keep this process at the forefront of Legal's agenda.

- In providing advice on the application of policies and the interpretation of the Articles, Legal continues to be **committed to finding ways that, while respecting the mandate of the Bank and the Articles of Agreement, ensure that the Bank fully realizes its development agenda**. Indeed, we understand the Articles of Agreement in a way that must reflect the circumstances of our time and enable the Bank to realize fully its objectives under present conditions.
- With this spirit, **our lawyers have played an active role as part of the teams that have developed, drafted and rolled out the simplified and modernized policies and procedures**. Most notably, we saw very active involvement between OPCS, other networks and the Legal VPU in the preparation of the Expenditure Eligibility policy, the Development Policy Lending policy, the fiduciary policies (financial management, disbursements and procurement), Country

Systems, the Disclosure policy, SWAps and more recently, the Bank's response to the tsunami disaster.

- **In addition to this, the Legal VPU is spearheading efforts to make project processing faster and easier for both regional staff and client countries.** I will specifically mention the huge effort that we are undertaking to **simplify all legal agreements** that the Bank enters into with client countries. We received a Presidents Simplification Award for this effort and we will be rolling out the simplified legal agreements by July 1 of this year. In all we are working on about 18 products, including: (i) IBRD and IDA General Conditions; (ii) model Loan, Credit, Grant and Financing agreements; (iii) related model guarantee and project agreements; (iv) model trust fund grant agreements; (v) commentaries on the General Conditions; and (vi) drafting manuals for the model agreements. We have consulted and continue to consult extensively with other Multi-lateral Development Banks, with a view to, one, drawing on their own simplification experiences, and, two, eventually harmonizing all legal agreements in both format and substance so as to make things easier on our client countries.

- We are also **piloting the use of simplified clearance processes** in the LAC Region which we hope to extend to other Regions. Our Chief Counsel have also been **working with the Regions to update Regional Guidelines so as to emphasize the role of country lawyers in task teams and to keep legal clearances to a minimum**, (i.e. only those points at which we genuinely add value). To sum it up, the way we categorize our involvement is at 3 levels:

First at the macro level, where we work with OPCS in developing and rolling out the simplified and modernized policies;

Secondly at the micro level, where we are piloting the use of simplified clearance processes where Legal input is needed, so as to ensure that projects are processed faster; and

Thirdly, at the task team level where, as part of the task teams, we proactively identify areas that need improvement and thus opportunities for legal or policy changes to facilitate Bank operations.

All this means that we are all working together to resolve a common problem that we face as an institution, i.e. the need to modernize and

simplify policies and procedures that may have become outdated as the Bank mission has evolved.

All in all, we are working hard to ensure that projects are processed faster and more easily, keeping in mind the thing that matters most (i.e. getting development assistance to our client countries).

- Finally, **the Legal VPU has undertaken a very ambitious decentralization process** in a short period of time. We currently have seventeen (17) lawyers located overseas and we are expecting another five (5) to be moving to country offices in the near future. The idea is that task teams in the field offices can have even greater access to legal support to smoothen the preparation and implementation of projects.
- But more work is needed as we forge ahead. We intend to continue working closely with OPCS and the Regions on the reform process. We also intend to work harder towards improving client responsiveness so that the simplified and modernized policies are effectively implemented. **What is important is that we do not lose**

**sight of what we are trying to achieve by making all these changes.** Discussions like this Open Exchanges where task teams tell real stories of how the reforms translate into development in client countries will keep helping us understand better how to reach our development goals.

- Thank you once again to Jim Adams and his team for organizing this very useful opportunity for dialogue. We look forward to two days of open and active exchanges.