

Comments from consultation on the new approach to country engagement,
through cpf@worldbank.org and consultations hub [web survey](#)

Received by email from the Canadian NGO Social Justice Connection (until recently called the Social Justice Committee of Montreal) on May 7, 2014

We are particularly interested in the section titled 'Systematic Accounting of Risk'. Point 42 describes a 'standardized operational risk-rating tool', but the components of the tool have not been specified. We are interested in what the standardized operational risk-rating tool will consist of. In particular, will a Human Rights Impact Assessment be included in the standardized operational risk-rating tool?

The summary of consultations described in Annex A of the April 29th draft, in point 6, summarizes the concern that the SCD and the CPF properly account for risks to development posed by abuse of human rights. In the draft policy, the response to this concern is vague.

Since the global consultation on the policy review on the Country Partnership Framework is ongoing, are you still considering how point 6 of Annex A might be adapted into the next draft of the policy for the Board of Directors?

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How can the Systematic Country Diagnostic process be structured to best assist the country in developing its own plans? See below

How can we make the Country Partnership Framework more selective and consequently Bank Group assistance more effective in helping the country reach the twin goals? see below

How can the Bank Group best involve the private sector, the government and other stakeholders in the Performance and Learning Review process?

As a consultant I work in the area of infrastructure finance in developing countries and I have experience in working with various key infrastructure financiers such as multilateral and bilateral development banks, commercial banks, official export credit agencies and private insurance companies. I notice that the worlds of development finance and commercial finance currently work more or less in splendid isolation. I strongly believe that if both worlds would be able to cooperate closely with one another we could create a $1 + 1 = 3$ with important benefits for all stakeholders, in particular developing countries and the people that live in these countries. I'm, passionate about building bridges between these two worlds and it is against this background that I share with you the following considerations in the context of your consultation regarding new Country Partnership Framework. I understood that this new framework will replace the current Country Assistance Strategy (CAS) papers.

1. Catalysing other sources of finance (i.e. non development finance) for development.

Developing countries face a huge gap in financing their needs in areas such as infrastructure, UN Millennium Development Goals (UN MDG) and climate change. Financial resources of governments in developing countries (i.e. governments' own budgets) combined with multilateral and bilateral donor funds are not enough to bridge the financing gap. It is therefore of utmost importance to develop and use financial instruments that can be used to catalyse non-development finance / commercial finance (e.g. official ECAs, commercial banks, capital market investors, private sector insurance /reinsurance markets). This should be a priority area for both governments in developing countries and the international donor community.

It is in my view also an essential theme within the policy agenda of aid efficiency and aid effectiveness, in particular since development aid over the past few years has increasingly become scarcer. There is a great challenge and responsibility for the aid donor and recipient community to find new innovative ways to do more with less and seek new forms of cooperation with other stakeholders in developing countries.

Given the fact that guarantees are the best instrument to catalyse other sources of finance I strongly encourage the WB group and its developing member countries to increase the utilisation of IBRD/ IDA guarantees (PCG and PRG) for both public and private sector projects in developing countries. Currently the IBRD / IDA instruments that are used for development are mainly loans and grants, which hardly have any direct catalysing impact. IBRD / IDA guarantee instruments are hardly used because of various internal and external factors, among which the price discrimination of guarantees within the product portfolio of the IBRD / IDA. This disincentive and other internal and external factors for the utilisation of guarantees should be taken away to increase IBRD/ IDA's capabilities to catalyse more other sources of finance for development.

Based upon my experience in various developing countries I also believe that capacity building for government officials on how other sources of finance can be catalyzed and how guarantees can be used for that purpose are very important.

2. Content of CAS and envisaged new Country Partnership Framework (CPF).

Individual developing countries discuss on a regular basis with various multilateral and bilateral donors how development finance will be utilised. Within the multilateral aid community it is a common practice to describe the cooperation in a strategy paper, which covers in general a period of 3 – 5 years. The World Bank for example prepares a Country Assistance Strategy (CAS) paper for its lending activities provided by IBRD and IDA. The website of the World Bank describes the content and objective of these CASs as follows:

“Oriented toward results, the CAS is developed in consultation with country authorities, civil society organizations, development partners, and other stakeholders. The purpose of the CAS is to set out a selective program of Bank Group support linked to the country’s development strategy and based on the Bank Group’s comparative advantage in the context of other donor activities. CASs are designed to promote collaboration and coordination among development partners in a country”.

In summary, a CAS describes above all cooperation between IBRD / IDA and the government of a developing country and provides some insight on the (expected) financial contributions from other development donors.

A strategy on how to mobilize private capital for development purposes or for cooperation with potential private financiers is clearly not a key theme in a CAS. As a consequence these CASs:

- Do not provide a clear overview about what the market is able to finance in a given country and what the unique complementary role of development finance should be.
- Lack clear targets on how private capital can be catalysed and how various products of IBRD and IDA (loans, grants and / or guarantees) can be used to attract private capital.
- Do not say anything about the pros and cons of the various products that are offered by IBRD/ IDA and they do not make visible the capital allocation of these different products. From a capital utilisation point of view an IBRD partial risk guarantee should absorb less capital than for example an IBRD loan. Through PRGs the IBRD could therefore provide more support to developing countries than through a regular IBRD loan.

In my view this is a fundamental gap in the current CAS. Unfortunately it is not unique to IBRD/ IDA. Similar gaps exist in strategy papers with other multilateral donors such as the EU and other (regional) Development Banks. It all gives the impression as if the world of development finance ignores the roles and capabilities of the private financial sector. The international aid community – both on the donor and recipient side – seems to operate in its’ own separate world. This “splendid isolation” is in my view not in the interest of developing countries and individual multilateral and bilateral donors involved. It is a breeding ground for criticism on aid.

For this reason it is recommended to put mobilisation of private capital and utilisation of development guarantees high on the strategic agenda of the CAS (or future CPF) discussions between WB group and developing countries. IBRD/ IDA should - together with developing countries - develop a clear strategy on how private capital can be mobilised to bridge the financing gap between their financing needs and the financing available from public sources (i.e. government own resources and development finance). The topic should therefore be an integral part of the country strategy dialogue with developing countries. This is also essential to identify more precisely the unique complementary role of development finance. Development finance should not compete with commercial finance, but fill the gap where the market fails to operate.

In assessing the potential of developing countries to attract other sources of finance for development, IBRD / IDA could look at the country risk classification of OECD export credit agencies. I refer to the OECD Export Credit Website <http://www.oecd.org/tad/xcred/>

Received by email on April 15, 2014

Step 1: What are the biggest constraints to reducing poverty and increasing shared prosperity in a sustainable way? A Systematic Country Diagnostic (SCD) (Interim Guidelines can be found [here](#)) will use data and analytic methods to support country clients and World Bank Group teams in identifying the most critical constraints to, and opportunities for, reducing poverty and building shared prosperity sustainably, while considering the voices of the poor and the views of the private sector and other stakeholders.

Step 1: Your question embraces the institution before engaging the person. Engage any person living in poverty with that institutional bias, and they'll be rolled over.

- Have one of the local college students go into their midst and ask, "What is your dream?" Even the most beaten-down person has a dream.
- Then have the student ask, "Do you know anybody who has achieved such a dream?" Each dream has many roots.
- Then have them ask, "Would you be mentored by such a person to actualize your dream?" That is the crisis of confidence and that is where the World Bank can play a key role.

Step 2: What are the most important contributions the World Bank Group can make? The Country Partnership Framework (CPF) will lay out the development objectives that WBG interventions expect to help the country achieve and attendant program of indicative WBG interventions. The CPF objectives are derived from those country development goals that reflect

the Bank Group's comparative advantage as well as alignment with the goals of ending extreme poverty and increasing shared prosperity.

- The local college students can become the facilitators. They can match local business people with the dreamer to begin making that dream a reality.
- The WBG works with the local business person and the facilitator.
- Each facilitator can handle up to ten dreamers and business people.

Step 3: How are we doing? Performance and Learning Reviews will identify and capture lessons; determine midcourse corrections, and help build the WBG's knowledge base, including effective approaches for integrating inclusion and sustainability dimensions (including gender and environmental sustainability) into the SCD and CPF.

- Document it all for local television. Have college students, who are studying film and television productions, to document the entire event and have it find a place on the local broadcast television.
- The local business person gets positive exposure for being a mentor. The dreamer's business has a greater chance for success. The local college students become local folk heroes at a very young age.

Step 4: What did we learn? Completion and Learning Reviews will identify and capture end-of-cycle learning to contribute to the WBG's knowledge base.

- There is no question about what you have learned. The evidence is out in the public domain and everybody gets inspired by the mentor, the dreamer and the facilitator.
- The process becomes contagious and the local business associations all become involved.

Comments from [WB Live event on April 8, 2014](#)

Will all the CSD steps, evidences, and every project happenings, every dollar spent and other details be visible transparently on World Bank website? Please note, this will definitely ensure the credibility of the World Bank, hence this question.

Will it still be a requirement in developing countries that project proponents are required/encouraged to partner with local NGOs?

What do you hope to achieve with these changes? How long will it take for people to notice a difference? Thank you.

The most serious questions I would like to pose is about the key concept on which is based the all structure of your program, I'm talking about "sustainable development". We all know deeply in our hearts and pockets that the actual "Business As Usual" economical system, it is every day more un-economic and un-ecological, in one word it is "unsustainable". Unsustainable, is the extraction of natural resources, starting from oil, on which the whole economy is depending on, which peaked already some years back, but continue to be the main Global Warming and Climate Change responsible, the forecast for this year is that El Niño could hit the globe severely more than ever. Unsustainable is the increase of the world population specially in the poorest countries. Therefore the question are: • "sustainable development" isn't it an outdated concept which should be replaced? • "resilient and/or transitional development" wouldn't be this concept more sustainable? Thanks for the nice event and kind attention.

So how different is this new model to the CAS? Previous CAS has been informed by diagnostics such as on growth, public financial management, social sectors, etc. How different is this approach (apart from involving IFC and MIGA in an integrated way) and what value will it bring to the beneficiary countries?

In countries with multi-layered democracy within a federal structure will all projects continue to be routed through the central Finance ministry?

Measuring performance is key to ensure we are successful. Which department will be responsible for setting targets and holding regions/GP accountable?

The twin goals are basically distributional. A significant set of countries haven't achieved sustained growth and prosperity. How should WBG's engagement framed in those countries? Help boosting long term economic growth maybe?

Mesurer les résultats est indispensable pour s'assurer de l'efficacité d'un projet. Qui sera en charge de fixer les objectifs et du suivi des régions/pays, pour veiller au bon déroulement des projets?

Are the countries right now already using the new model engagement?

Don't you think that the Country Diagnostics should be carried out by an Independent Team (from within the Bank) both to get an unbiased view and also not to disturb ongoing programs where Country staff is fully occupied

Can you ensure this process will not affect our ongoing projects and programs?

How are you going to ensure this objectivity during the diagnostic's formulation?

How challenging do you think applying the new framework in unstable countries can be?

"Fragility" and fragile states/situations have recently received a strong focus in the Bank strategy. Fragility and conflict can indeed be *the* key challenge in countries such as Somalia, the CAR, Mali, etc. but can also be among the main challenges and spoilers in many other countries, incl. Nigeria, PNG, etc. With regard to the SCD, Ana highlighted that there is a particular tool for understanding fragility. However, the SCD features only one very vague reference to "fragility" in an enumeration of "knowledge products it could draw upon" (point #10). Therefore, I am wondering how it will be ensured that fragility and conflict is systematically addressed in the SCDs? In this context, could you give some more detailed information on the "fragility assessment tool" and how it is applied?

How will this new framework apply to contexts that are witnessing rapid developments on the ground that may be difficult to capture in the SCD, such as transitioning Arab spring countries?

The Bank has explicitly stated that SCD will consider the voices of the poor, but so far it does not seem like there is any requirement for consultation or framework for considering these voices, in favor of "flexibility" to each country context. How will the Bank ensure that citizens' voices and civil society views are considered systematically in the preparation of the diagnostic in every country where one is prepared?

A challenge that I see - The Bank must always balance its focus on its goals with its need to be financially sustainable. If the SCD suggests we should be lending in one area and the client is not interested in that area but wants to focus elsewhere, does the Bank sacrifice its lending program for its values or sacrifice its values to be financially sustainable?

I hear there is a particular tool for understanding fragility in the SCD. However, the SCD features only one very vague reference to "fragility." In this context, could you give some more detailed information on the "fragility assessment tool" and how it is applied?

I was surprised to learning that the "new" CDS remains focused on what the World Bank Group and it doesn't seem to mobilize a broader engagement and leveraging strategy to mobilize the private sector, foundation, other donors etc to support an aligned agenda to achieve the goals. Also, there was no mention of working collaboratively with others to achieve the Sustainable Development Goals (SDGs). How will the WB Group work to mobilize a movement to achieve the SDGs?

Received by email from A.S.P.O. Italy - Association for the Study of Peak Oil on April 6, 2014

I must say that is thanks to Mr. Max Iacono, who worked for your institute in the recent past, I came to know that your WBG is now engaged to tackle the greatest challenge that humanity ever faced before, in a world scenario of increasing difficulties, mainly due to over population and climate change.

If I may, I would suggest your Group to investigate the key concept of "sustainable" stated in the your title of subject, because we all know that with this actual "Business As Usual" economical system, in facts now is based as on unsustainable extraction of natural resources, starting from oil, which peaked already some years back, being this last also the main responsible for Global Warming, (the forecast for this year is that *El Niño* may hit the globe severely more then ever) and world conflicts specially in M.E. but not only.

I don't see many other international institutions as yours, taking actions as they should, actually most of them are even not aware of baring such an incommensurable responsibility, for this as the "hummingbird" I will gladly do my part to spread the info about your coming event that surely is of interest to many people, specially the NGOs and groups with whom I'm most in contacts, particularly Aspo Italy and his founder Prof. Ugo Bardi member also of the Club of Rome.

Please take a look at your convenience to Ugo main blogs which may be of interest to your program:

1. <http://www.thefrogthatjumpedout.blogspot.it/>
2. <http://www.cassandralelegacy.blogspot.it/>

Received through an online survey on March 28, 2014

How can the Systematic Country Diagnostic process be structured to best assist the country in developing its own plans? I think it should be done with local think tanks to build capacity in the country -- and with local statistical agencies.

How can we make the Country Partnership Framework more selective and consequently Bank Group assistance more effective in helping the country reach the twin goals?

Think through what are the most important things and do a narrower set of projects that will mean something. Focus on implementing well.

How can the Bank Group best involve the private sector, the government and other stakeholders in the Performance and Learning Review process?

A good dialogue in the country and a survey would be a good way to be inclusive but also focused.

Meeting with European CSOs, January 29, 2014

On the New Country Engagement Model: (i) How are vulnerable groups being taken into account in the CPF? (ii) Will the strategy going to create different financial instruments for interventions in client countries? (iii) Is the strategy looking at poor taxing systems in client countries as these have been seen to be avenues for money getting out of the door? (iv) How does the third pillar of the strategy which mentioned partnerships with CSOs ensure that genuine local CSOs are engaged? (v) Will the Bank consider the scientific community in building its partnerships?

Response from the team during the meeting

On the new country engagement model, participants were assured that it is usual that (especially in the case of fragile and conflict affected states) the Bank undertakes consultations with vulnerable and marginalized groups while designing its strategies; this will continue with the new country engagement model and social inclusion will remain at the core of the Bank's work. On the financial instruments, there is no intention to shift from the WBG's current instruments: the Bank will continue to help its clients by using the most appropriate instruments without adding to their financial stress or insolvency. Concerning the poor taxing systems, the Bank will continue to help client countries strengthen their tax policies and overall fiscal systems; this will be the work of one of the Global Practices ("Macro and Fiscal Policy").

On partnerships, working with civil society organizations at country level remains important, and the Bank currently has several ways to foster such engagements, such as through the Global Partnership for Social Accountability (GPSA) to promote social accountability in countries, through consultations on policies and programs, etc. Also, a new Citizen's Engagement mechanism is being crafted and will be consulted upon in due course to further engage CSOs at country level. While acknowledging that there are instances where it is sometimes tricky and difficult to bring the genuine local CSOs at the table, emphasis is put much more on the messages and on assessing the merits of the issues on the table. Finally, because scientific evidence is a very important area of focus for the Bank, the scientific community is of course a key partner.