

# Views from the Bank Seminar Series

## *A Recap*

- Presentations over four months from World Bank staff from each of the six regions:
  - Europe and Central Asia
  - Africa
  - East Asia and Pacific
  - South Asia
  - Latin America and Caribbean
  - Middle East and North Africa
- Two focus areas: Governance and Fiduciary Issues

## Governance

### *World Bank Official GAC Strategy*

- **A capable and accountable state** creates opportunities for the poor
- GAC work must be **country driven; one size doesn't fit all.**
- The Bank should remain **engaged**, even where it's tough, so the poor don't pay twice"
- The Bank needs to work on GAC with a **broad array of stakeholders, harmonizing with governments, donors, and other actors** at global and country levels
- Strengthen, don't by-pass, **country systems**

# Implementation of GAC Strategy by region

## *Africa*

- **Focus on Public Sector Management and Local Participation aspects of the Bank strategy**
  - July 2006-June 2007, total new loans and grants made to Africa region was \$5.8bn (from \$4.9bn FY06).
  - Of this, \$1.35bn (23%) supported the Public administration and law and order sector (from \$1.26bn in FY06). World Bank Annual Report 2007
- **Significant challenges**
  - Uneven democratization; less FDI except in problematic extractive industries; greater donor dependence in economies and public sector; formal institutions still underdeveloped
- **Leadership and Local engagement are key**
  - Examples of projects: Leadership transformation in Madagascar; Tanzanian Facility for Ethics, Accountability and Transparency; Decentralization analysis in Burkina Faso; Results for Kenyans; Building local governance in Sierra Leone; Collective action for anti-corruption in Cameroon

# Tanzania Fund for Ethics, Accountability and Transparency (FEAT)

*Objective* : **Strengthening oversight and watchdog institutions (OWI) to hold government accountable.**

*Approach* : **Innovative, demand-based approach to build oversight capacity and enhance the ethical environment in public and private sectors.**

*Partners* : **Eligible organizations include**

- **Parliament and its committees**
- **NGOs and CSOs**
- **Professional organizations**
- **National Audit Office**
- **Prevention of Corruption Bureau**

*Launch* : **FEAT launched by the Vice President in October 2007, to be managed by the Ethics Secretariat.**

# Results for Kenyans

**Objective : Shift towards effective management of key parts of the economy by the relevant ministries**

**Approach : Results Based Management (RBM) regime, supported by performance contracts for senior public servants**

**Features :**

- Demand-driven capacity building fund
- Code of ethics
- Change management capacity building for leaders
- Results units to support RBM in ministries

**Progress from commencement in July 2006 : Paradigm shift initiated toward a results-based culture, through**

- Rapid Results initiative - RRI is jump-starting major change efforts and enhancing implementation capacity in about 50 public institutions
- Performance Contracting adopted throughout the Public Service
- New Performance Appraisal System in all ministries and 95% of Regional Development Authorities
- Service Charters published by all ministries and departments.

# Implementation of GAC Strategy by region

## *East Asia and Pacific*

- **Government effectiveness relatively high across region but fragile states fare poorly**
  - Reconciling a region with China, Vietnam and also North Korea and Myanmar
- **Two EAP governance conundrums:**
  - Democracies with high voice but low government effectiveness (Mongolia, PNG)
  - Stronger and more effective states where accountability scores low (China, Vietnam)
- **Main obstacles are political, new analyses needed**
  - User-friendly, agent-based political stakeholder modeling tool applies rational choice principles to predict how coalitions will form to support or oppose reforms
  - Pilots in Thailand, Cambodia, Mongolia and the Philippines
  - Goal: to mainstream tool into country team operational decision making

# Implementation of GAC Strategy by region

## *South Asia and MENA*

### **South Asia – getting the public involved**

- Transparency, lack of government oversight, and politicization of bureaucracy are key challenges
- Region is decentralizing but there is a growing mismatch between responsibilities and funding/capabilities
- Community Score Cards; Social Audits and Right to Information movements are integral to mitigating risk in Bank operations and improving government performance

### **MENA – where do we go from here?**

- Many of the global trends in governance in the 1990s & beyond were felt only distantly in MENA
- The region fares worse than global comparators on issues of decentralization and on public voice, accountability and participation
- Overall size of the public sector is an issue
- Bank doesn't play a big role due to lack of borrowers in region, mostly consultancy analytical work
- Few entry points for interventions, little public space, weak civil society, youth problem

# Implementation of GAC Strategy by region

## *ECA and LAC*

- **Changing the role of the state and reforming economic policies are key early steps.**
  - Macroeconomic stabilization; Privatization; Property rights and law reform (eg commercial, civil); Promotion of business entry and FDI; Banking reform
- **Strengthening public institutions is a medium-term reform challenge...**
  - Tax; Customs; Regulatory environment; Courts; Public Financial Management; Sector Ministries
- **Some countries are gradually improving transparency and accountability.**
  - Influence of private sector a key factor; opening to international business has propelled many reforms forward that might otherwise have languished; projects like Doing Business Report and BEEPs (particularly ECA)



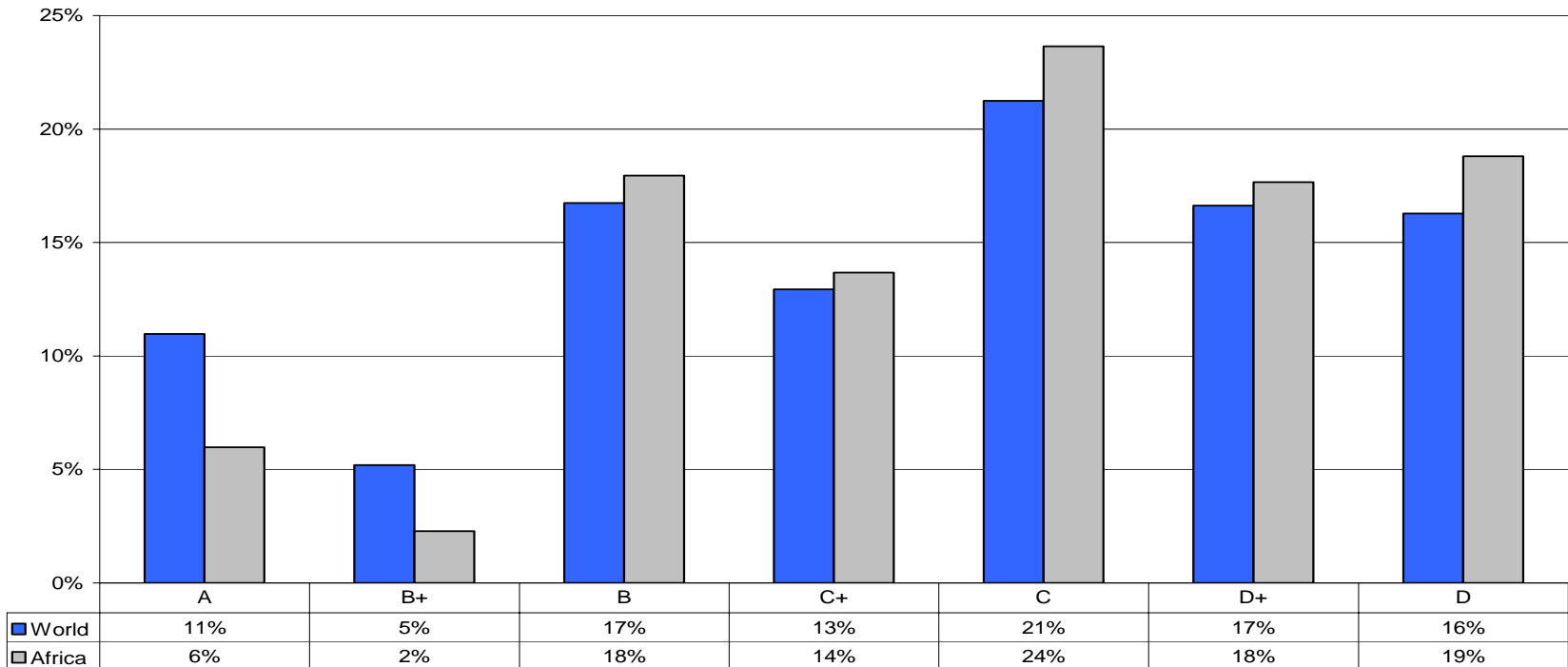
## Fiduciary Objectives

- **Help countries improve their FM performance and capacity (“development” objective)**
- **To provide acceptable assurance on the use of Bank loans/grants (“fiduciary” objective)**
  - Requirement of the Articles of Agreement: *“make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was granted, with due attention to considerations of economy and efficiency, and without regard to political or other non-economic influences”.*
- **“Development” and “fiduciary” objectives are closely related**
  - The best fiduciary assurance on the use of Bank funds is from well-performing country institutions and systems.

# Fiduciary Issues

## Spotlight: Africa

PEFA Ratings 2006  
32 Countries



# Fiduciary Issues

## *Spotlight: Africa*

**Get the basics right i.e., a strong focus on ensuring “core elements” are well established and functioning**

- country and project FM assessments
- all basic elements of the FM system are in place

**Enhanced measures in the light of governance/PFM weaknesses and the sharper GAC focus (e.g., Kenya)**

- Increased transparency of financial information
- Social accountability mechanisms
- Stronger internal controls and internal audit
- Stronger institutional oversight e.g., Audit Committees and Finance committees
- Anti-corruption measures e.g., hotlines, compliant handling mechanisms
- Detailed work on understanding specific areas of risks in the context of the particular project and institution
- All the above measures done at the institutional (not project) level.

**Strong focus on capacity building, use of country systems**

- HR crisis in FM systems, some countries with 1 accountant, no access to training

**Harmonization with development partners**

- around country systems

## Concluding Questions

- Where does the Country director fit into the Bank's GAC strategy for a country? What's their role in pushing the agenda forward? How much autonomy do they have?
- Based on these challenges mentioned, it's a long way from policy formulation to implementation of strategy in many of these countries. From the country director perspective how does a strategy like this get implemented? What kind of negotiations go on at the country level?
- How do you think the Bank is doing, at a country level, in implementing this new GAC strategy?