

World Bank Continues Work on Anticorruption Strategy

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Liberally sprinkled with references to "transparency," the latest internal World Bank draft anticorruption strategy appears to follow through on President Paul Wolfowitz's pledge to increase investment in the areas of media and freedom of information.

While lacking in operational details, the "revised draft" of July 20, 2006, obtained by freedominfo.org, calls for a new stress on improving "governance" as a way to fight corruption. Creating a stronger media and pushing for right to know laws are two parts of a multifaceted strategy. The World Bank board is expected to consider the strategy in Singapore in September, with the degree of Bank movement in governance likely to be one of the most sensitive issues discussed.

"The principal thrust of this new strategy is to expand the Bank's support for countries' efforts to address governance and anticorruption and build capable, transparent, and accountable institutions that reduce poverty," according to an early statement in the 37-page nonpublic document. At the "country level" the document speaks of "systematic support for improving government transparency."

One "natural starting point" for this effort, the strategy paper says, should be to include more anticorruption policies in the Country Assistance Strategy process. The "CAS" document is prepared as a guide to Bank activities in borrowing countries, and the draft strategy asserts that CASs "are often unrelated to the importance of governance and corruption challenges for the country." The self-criticism continues later in the report, which adds that "most CASs deal with governance in a perfunctory way." The reasons for this are "weak commitment of governments to governance reform, disincentives for Bank country teams to analyze more fundamental institutional drivers of corruption and poor governance, insufficient staff expertise, and the tendency to compartmentalize and treat governance as a sector rather than as a cross-cutting theme."

To remedy this, the Bank management's strategy paper envisions that Bank teams "will be required to give explicit consideration, underpinned by diagnostic work, to the level of corruption and the shortcomings of governance in the country." The policy prescriptions should be flexible, depending on national situations, but with the possibility of "curtailing financing" if certain specific goals are not reached.

The Bank document cites a need to address both supply-side reforms, in which governments take actions, and efforts to build demand for better governance.

In a discussion of how to address corruption at the project level, the Bank document mentions a variety of potential actions, including "enhanced oversight mechanisms, disclosure of project information, complaints handling, and strengthened supervision." While emphasizing the importance of "an effective communications strategy that covers all phases of the project," the draft strategy does not define what additional disclosures might be in store, but current policy prevents release of key documents, including the draft project appraisal documents, the Memorandum of the President, and project supervision reports. The same section also notes that the Bank should develop "an effective communications strategy that covers all phases of the project."

One new proposal is to write "anticorruption action plans" for projects in high-risk countries, and the latest draft clarifies an ambiguity in the earlier draft, indicating that these will be

publicly disclosed. One additional suggestion is that they be about "transparency of information and processes."

The strategy also suggests the use of "shorter-term Interim Strategy Notes with mandatory anticorruption action plans for projects."

Implementation of the governance strategy should be done in better coordination with other donors, the strategy says, and with reliance on civil society groups.

The strategy envisions considerable realignment of Bank staff efforts, but carries with it the moderate price tag of \$20 million, half of which will come from reallocation of existing resources. No further details are included in the report. The section on staffing says the Bank will need additional expertise on governance and anticorruption and a "major increase" in the capacity of Bank teams within countries. Greater use of "field-based governance advisers and anticorruption teams is envisaged." Also, the draft strategy suggests that eight countries be selected "for intensive attention to governance and corruption issues."

The Bank expects to launch "a broad set of follow-up consultations on the operationalization" of the plan.

Media Development Mentioned as Part of Strategy

Helping build a stronger media is mentioned as a goal in several places in the strategy, but without particulars.

The strategy lists the media among the institutions that can be important sources of pressure for better governance. "An independent judiciary, free press, vibrant civil society, flourishing and competitive private sector, and independent middle class are crucial components for good governance," the strategy states. The strategy says it is "important" to strengthen these components and pledges to "scale up work in these areas." Apparently mindful of concerns about overreaching in some quarters of the Bank, the strategy adds that this work should be conducted "within its mandate and in close collaboration with partners." Interviews with Bank officials suggest that intention is to encourage nongovernmental organizations take the operational lead in some of the areas where Bank involvement might be sensitive, including media development.

The paper also notes the possibility of increased partnering with non-executive institutions including legislatures, the media, and civil society. "A particular priority will be to encourage other multilateral and bilateral donors to focus on issues pertaining to political drivers of governance problems that are outside the Bank's mandate (for example, supporting demand for governance by building capacity of institutions of accountability that are outside the executive branch." In a section on the need to improve the monitoring of the Bank's pro-governance efforts, it is suggested that such reviews also include a look at the effectiveness of the media.

Freedom of Information Referenced

Explicit references to fostering freedom of information laws are limited, but the strategy does refer at several points to such efforts, for example in Bangladesh, and is clearly a part of the future governance agenda.

"Citizens and media that have broad access to information on the operation of state institutions are crucial for holding the state to account," according to the draft strategy. It

continues, "Such access may include attendance at key meetings where important state decisions are made; access to state records and reports; and the state's active dissemination of information on its operations and performance." Various other ways of improving public participation are also cited.

"Much remains to be done," the Bank strategy says, adding, "The Bank will systematically use a range of instruments-policy dialogue, policy-based lending, capacity building, and analytic work-to strengthen transparency and opportunities for participation and oversight by civic groups and media." The proposal speaks of engaging with other organizations in this effort, and using some grant financing via the Partnership for Transparency.

In addition, the draft strategy notes some past and ongoing Bank activities regarding transparency. It names a variety of possibilities to increase the flow of information to the public, such as reforms in the budget process, more "bottom-up participation," and more transparency on investment-related rules.

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