In response to the GAC Secretariat’s request, we are pleased to share with you this Note which outlines the combined experience of the LAC and AFR regions with regional governance advisers. We have included sections on how these regions’ advisers support governance and anti-corruption initiatives as well as manage risks to operations. And, we have specifically set out a discussion of recommendations with regard to the role that Regional (as opposed to country-specific) Governance Advisers may play within a framework of Global Practices, in particular the Governance Global Practice (GGP). We would like to highlight that we approached this exercise from the client’s point of view, based on our joint experience in overcoming governance challenges with our clients. As such, we took into account not only the Bank’s portfolio and risk management, but rather, the entire development portfolio of our client countries. In this way, we have included work on the “G” or good governance enhancing work as well as risk management. It is this perspective that guided our thinking on the proposed structure and functions of the regional governance advisers within the GGP. Also noteworthy is the professional qualification of the regional advisers in LAC and AFR; that is, both are former Senior Public Sector Management Specialists who have years of experience as task team leaders on various types of public sector governance operations (e.g. legal/judicial reform, institutional strengthening with anti-corruption agencies, social accountability, public financial management, etc.). This background has allowed these regions to benefit from advisers who can “cross the bridge” from risk identification/management to strengthening transparency and governance structures.

The LAC and AFR region established the figure of a Regional Governance Adviser in 2009 and 2010 respectively, to work with a broad range of management and staff, including units outside the region (LEG, INT, OPCS, PRMPS, WBI, SDV) as part of our GAC implementation. LAC’s approach to governance is to contribute towards an agenda of building trust in the State and improving citizen engagement and interaction with public entities. The LAC region includes a complex mix of middle and low income countries (Brazil, Peru, and Nicaragua for example) and even a fragile state (Haiti). However, an all too often common denominator is a lack of trust in the State, largely related to poor service delivery and limited redistribution. The LAC Regional Governance Adviser supports task teams across sectors by contributing to our clients’ development agenda, which prioritizes strengthening institutions, including anticorruption agencies. The adviser role is also structured to coordinate and liaise closely with GAC focal points in the Country Management Units (CMUs)/Country Teams, as well as with Bank colleagues in PT, FM, and DE so as to operationalize GAC implementation within an already strong risk management system (including use of “risk lists”). In essence, the
LAC region seeks to combine an all-around engagement on the integrity of the portfolio with a broader institutional strengthening objective.¹

AFR’s GAC strategy seeks to change the dynamics of governance in the Region based on country ownership (e.g. Burundi), principled engagement (e.g. Niger, Gambia, Mauritania, Madagascar) and strong regional and country partnerships (such as the African Union, African Development Bank, Africa Economic Research Consortium, et.al). Key components of GAC in the AFR strategy are social accountability, a focus on service delivery, political economy, and natural Resource Management (EITI++). A Regional Governance Adviser position was established in 2010 to help implement this strategy, and is responsible for the work of the Africa Region’s Governance and Anti-Corruption in Operations group, a regional advisory team located in AFR’s Core Operations Services². The work of this group has focused on three key areas: (a) Identifying, managing, mitigating governance risks in projects; (b) Liaising with INT on its investigations; and (c) Strengthening multi-stakeholder based delivery mechanisms in projects.

In LAC, a regional committee was established in 2009 (and continues to date) to serve as a forum for regional GAC focal points to share information on governance issues affecting clients across countries and sectors. Chaired by the OS Director, this Committee helps facilitate coordination and to ensure wide managerial commitment and operational involvement. Additionally, these monthly meetings provide an opportunity to plan activities and share knowledge and experience. The GAC Regional Committee continues to be well-attended by both HQ and CO staff — a result of management commitment at the highest level, relevant content, and consistent and effective meetings, frequently including guests from other departments to combine learning with information exchange among LAC staff on governance.

Monitoring and Managing Risk

Although LAC has long emphasized good governance and enhancing country systems, risks to the integrity of the portfolio with Clients has required a stronger “AC” focus. In collaboration with country operations advisers/analysts, the GAC Adviser in LAC and AFR reviews both “risky” projects and packages for ROC discussion, such as CPSs/PRs, ISNs, DPLs, and IPFs to ensure that lessons learned from previous red flags (e.g. complaints) or investigations are incorporated into the design of new Bank financed projects (including restructuring and additional financing). After review, the Adviser works with these Task Teams to identify outstanding integrity/governance risks and good governance areas that could be strengthened. In LAC, for example, the Adviser has also played a key role in the preparation of the Fraud and Corruption (F/C) analysis for various PforR operations in the Region (e.g. Uruguay, Brazil), preparing the inputs to the various assessments. This direct accompaniment with teams (serving as a de facto team member) has been critical to ensuring that operational units have appropriate risk mitigation measures in place to not only minimize the possibility for F/C misconduct, but also to educate and expand the knowledge base among our LAC teams and clients to address F/C risks.

¹ For more details, see the LAC Governance and Anticorruption Strategy and Implementation Approach Paper, presented to the GAC Council in July 2012.
² The LAC Adviser also sits in Operations.
Maintaining an active and open channel of communication with INT, including records management and communication between the Regions and INT is critical for information sharing and effective risk management. INT and the LAC and AFR regions hold a monthly coordination meetings as well as ad hoc, technical discussions with investigators, during which information and status updates related to allegations and INT investigations are shared. Additionally, in LAC, INT participates in, as needed, F/C briefings conducted by the GAC Adviser for Country Office or other regional management. In both LAC and AFR, the Advisers review draft Final Investigative Reports (FIRs) and Referral Reports, and coordinate with operational teams to provide (and subsequently, follow up on) an analysis of actions which then contribute to “Action Plans”, monitored eventually by OPCS. (See diagram below for the LAC process).

The LAC Adviser also maintains an electronic database, which tracks all previous and current investigations and complaints in the Region. This organized approach has allowed the Adviser to provide updates to Teams and LAC management who consult and take contact with our clients as needed. The database also generates useful statistics on F/C trends or patterns in the portfolio. Having a single point of contact for this work to serve the Region has proven especially helpful given the large number of stakeholders (Clients/Implementing Agencies, Task Teams, LAC management, INT, OPCS, etc.).

How LAC Tracks and Follows-up on FIRs

Draft FIR to Region

FIR responses collected

Team Action Plans created

Final FIR distributed

Collaboration with OPCS

A draft of the Final Investigative Report (FIR) is distributed to the Region following an INT investigation.

The GAC Adviser shares the FIR with the Task Team, as well as PT/FM colleagues for responses and actions taken or to be taken.

In coordination with these colleagues, the GAC Adviser compiles and provides INT with comments to the FIR. This is done within < 30 days of the original FIR distribution.

If the FIR includes recommendations the GAC Adviser will work with the Task Team to design, within 45 days, an appropriate Action Plan of actions taken or to be taken.

This information is maintained in the LAC F/C Database with target completion dates.

After INT produces the Final FIR, the Governance Adviser will once again review to ensure that no new recommendations have been made. The Adviser also reconnects with Task Teams to follow up on earlier Action Plans.

The Adviser meets with OPCS quarterly to discuss the status of these Action Plans and to provide updates, as needed, as well as additional follow up with task teams.

To ensure that all LAC and AFR staff and relevant stakeholders are aware of lessons learned from allegations and investigations, and are aware of “cutting edge” governance work, a rigorous learning component was implemented. Several learning events have been conducted.
with CMUs/Country Teams, Sectors, PT/FM, SD and PREM Network anchors and INT, including but not limited to, BBLs, Integrity Clinics, Hub Trainings, SMART trainings, OCC and specialized Governance events. For example, in April 2013 the LAC Region hosted its second Governance Conference (following on the Feb. 2010 event), which featured the work of its own LAC staff, bringing HQ and Country Office staff together for face-to-face learning and involving high-level Bank management (e.g. MD, RVP, Directors, etc.). Furthermore, valuable information related to successful GAC practices in the Region are regularly shared internally through such knowledge products as Results Briefs, En Breve (Briefs), and an active LAC portal with reports, videos and blogs, both internally and externally generated. The AFR GAC Operations Group also distributes a number of knowledge projects such as the AFTOS Publication Series (a variety of pieces on core operational areas designed to disseminate good practices) and a series of articles that focus on different GAC issues that affect the region and offer teams a deeper analysis (e.g. “Dealing with GAC issues in Fragile and Conflict Affected States: Ten Things Team Leaders Should Know”).

Functions for Regional Governance Advisers Going Forward and the Link to OPCS

Regional Governance Advisers are needed within a Governance Global Practice. These individuals bring a deep knowledge of the context and political economy issues facing the Region. In addition, their skills include language and established relationships with clients and stakeholders that would greatly add value to the GGP. Furthermore, their inclusion would ease the sharing of best practices and information across the Regions and contribute to delivering comprehensive and solid knowledge-sharing for our clients. Close contact and coordination with staff in the Regions will continue to be critical, in particular, with sector and country units. Both the LAC and AFR Regional Governance Advisers note that this arrangement would enhance the work of the Practice and the solutions offered to our very diverse clients.

<table>
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<tr>
<th>Pros of Regional Governance Advisers in the Global Practice</th>
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<tbody>
<tr>
<td>1. Evolution of global practice as interaction across Regions increases</td>
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<tr>
<td>2. Ease of sharing best practices and information</td>
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<td>3. Comprehensive solutions – focus on the Bank as a “Knowledge Bank”</td>
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<tr>
<td>4. Bring Region to the world and the world to the Region</td>
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<tr>
<td>5. Ability to maintain relationships with Clients and other stakeholders</td>
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<td>6. Regional expertise and language skills</td>
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The new global practice framework provides a strategic opportunity to enhance collaboration with OPCS on GAC in operations. OPCS and the GGP should work closely on risk management with an increasing focus on institutional strengthening and country systems to prevent, investigate, prosecute and sanction fraud and corruption. This improved collaboration should specifically include following up on Final Investigative Reports and their recommendations, as well as concrete actions, which teams can include in the design of new operations and in a continuing dialogue with our clients. The Regional Governance Adviser
should sit in this central office, as they have knowledge of the projects and issues and can ensure the level of engagement and responsiveness needed by Regions and the clients they serve.