Introduction

Under the GAC strategy implementation, the GAC in Operations work across regions has focused on three key areas: (a) Identifying, managing, mitigating governance risks in projects; (b) Liaising with INT on its investigations; (c) Strengthening multi-stakeholder based delivery mechanisms in projects. The integration of this function into the Governance Global Practice (GGP) provides an opportunity for closer integration with the other areas that this work has close synergies with – financial management, procurement, and social accountability.

Identifying, Managing, and Mitigating Governance Risks in Projects

The objective of this function is to ensure that specific and appropriate mechanisms are built into projects to ensure that corruption risks are minimized, and that there are appropriate corrective measures when corruption is revealed. This work provides a comprehensive assessment of (i) how governance and anticorruption risks are assessed at entry and the types of mitigation strategies that are put in place, (ii) how corruption risks are managed during implementation and whether mitigation strategies designed at entry are being effectively implemented and (iii) the extent to which proper risk management ensured that the project attained its development objective. AFR has piloted the Extended Governance and Anti-corruption reviews (EGRs), which includes an in-depth desk review, followed by interviews with TTLs and implementing agencies in the field. EGRs provide an overview of risk management at the project and sector levels. Their importance resides in the fact that they include a comprehensive examination of financial management, procurement, governance and corruption risks in a country portfolio. The analysis and main findings that emerge from the EGRs guide recommendations and ongoing support to CMU and project teams.

The Risk and Accountability working group has noted “Risk aversion limits the WBG’s ability to achieve transformational impact for our clients. Our complex risk management structures, time-consuming processes, and inflexible responses to changing assumptions make us less efficient and less effective in delivering solutions”. President Kim has said that the Bank will” strive to manage risk smartly and promote a much greater development impact of our work on risk management in operations.”

Under the GAC strategy, this work has been led by Regional Governance Advisers, OPCS-based GAC in Operations team, and INT-based Preventive services Unit. Integrating these groups will be an important step in ensuring both the sustainability and coherence of these functions. Although the corruption risk management function will be located in the GGP, it must be incorporated across the other global practices and projects in a systematic manner from design through implementation. In the long run, support to strengthening anti-corruption systems and
institutions in countries will help mitigate these risks in Bank-funded projects as well. The work should also be cognizant of how country systems can be used to strengthen governance in projects, so collaboration across the GPG will also be important, although not under an artificial GAC Secretariat umbrella.

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**Liaison with INT**

A positive relationship with INT can also help build a level of trust that gives INT the confidence to share sensitive information on an ad hoc basis, and enables the Region to make real-time informed business decisions, and ultimately helps to mitigate risk and to avoid delays in projects.

Under the new structure, efforts should be made to find and develop opportunities for collaboration, which could include: (i) training of Bank staff and Project Implementation Unit (PIU) officials; (ii) project risk assessments; (iii) fraud, corruption, financial management and procurement capacity building in client countries; (iv) joint audits; (v) lessons learnt papers; and (vi) concept notes. The INT and operational Africa Teams, for example, have been in discussions at a senior and working level to find ways to collaborate. It is currently envisioned that a joint Operational-INT working group will be created, tasked with: (i) identifying a small number of African countries that could serve a pilot for a short- or long-term capacity building initiative; and (ii) defining the terms and reference and funding of such an engagement.

Another important function will also require following up on INT’s Final Investigation Reports (FIRs). These reports raise a number of issues including: (i) weaknesses in the legal, operational or policy framework of the World Bank; (ii) gaps or weaknesses in the design or monitoring of projects; (iii) weaknesses in the control structure of Project Implementation Units (PIUs); (iv) weaknesses in the capacity of client countries in the areas of financial management, procurement and fraud and corruption; (v) the failure of risk mitigation measures; (vi) the need to invoke remedies; and (vii) a need to manage relations with clients and donors. This function also suggests that the corruption risk management team will need to consult with the necessary groups for input and advice. For example, in AFR, the Governance Advisor meets the INT Regional Team Leader for Africa investigations to discuss next steps. Depending on the issues involved the discussion may also include Controllers, a representative from the Trust Fund Committee, LEG, Procurement or Financial Management.

FIR follow-up also provides an opportunity to extract lessons learned from investigations (positive and negative) and to incorporate such lessons into Bank and INT operations. However, this is very ad hoc. A preferred approach may be for INT and the GGP to work together collaboratively to compile, on a quarterly basis, a detailed “Lessons Learned” document. Such
documents could serve as a predicate for changing policies and protocols and – where necessary – for preparing concept notes, Board Papers, and other documents. This would all be done in the interest of strengthening systems and mitigating risks.

**Multi-stakeholder Based Delivery Mechanisms in Projects**

The work on engaging with citizens within projects is gaining further significance as being critical to the 'science of delivery" through enabling real-time evaluative learning, mid-course corrections, and flexible implementation. These are all, again, core operational issues that impact projects across sectors and issues that are likely to become even more significant as the Bank's new strategy is implemented. The focus of this area should be closely linked to complementary efforts to build a strategy and knowledge base on results, effectiveness, and delivery - efforts that are currently housed in OPCS and WBCKL. It should also coordinate closely with the social accountability work in the new GGP.