Introduction

The “project” is the place where GAC becomes concrete for most clients and World Bank staff. Unfortunately, there is no more contested space in the GAC arena than the project environment. While a great deal of attention has gone into defining good practices in regard to identifying and addressing governance and corruption-related risks, and strong efforts have been made to make individual projects and portfolios “GAC responsive”, there remains significant concerns about the efficacy of the Bank’s project-level anti-corruption work and the extent to which it is properly tailored to support effective policy implementation and service delivery. Regions, sectors, and countries continue to pursue different approaches to addressing project-level governance issues signaling that it has not been possible to establish a consensus on how best to deal with the project implementation constraints created by governance and corruption issues.

In the past, project-level governance efforts have often been seen to occupy an uncomfortable space between being ineffectively prophylactic and excessively cosmetic. Project teams have often been asked to handle problems related to systemic accountability weaknesses that can only be adequately addressed at a sectoral level while deploying tools that capture a small proportion of the problems. Without adequate resources and incentives to rigorously confront governance challenges, task teams have frequently taken a purely cosmetic approach to handling project-level issues, with GAC actions defined in PAD documents but unimplemented and unmonitored.

Project-level governance work will continue to be an essential element of the Bank’s engagements, especially as governance issues are often the binding constraints to policy implementation and service delivery. The creation of a Governance Global Practice is an opportunity to improve the allocation of our governance resources through enhanced linkages between project and sectoral governance interventions, greater clarity in the objectives of specific project-level activities, and strengthened monitoring and evaluation of impact.

Towards Greater Variation in our Project-Level Approaches

Our project-level GAC work has largely been built from the individual transaction upward. Risky transactions are identified in projects being developed and are either excluded from the Bank-supported engagement or the risk has been addressed through the creation of precautionary procedures and enhanced oversight (including civil society oversight). Sectors, such as Roads, have built upon this analysis and identified the types of transactional risks that are generally found in engagements and provided guidance on how those risks might be minimized. Separate Anti-Corruption Action Plans, required in some of the environments determined to be of higher risk (some countries, and some sectors in countries where corruption has been documented in previous projects) represent the clearest model of this type of effort. This transactional approach
has been strengthened by the close association of project level governance work with concerns regarding disbursement and the speed and success of project implementation.

GAC work begins to look very different when it is shaped around addressing problems encountered in implementing policies or delivering services. In this context, governance-related risks are generated by the types of accountability challenges that are characteristic of each sector, and the extent to which local organizations and institutions work to mitigate or exacerbate those risks. In a problem solving engagement, the World Bank’s governance interventions revolve around supporting improvement in organizational rules and structure, and helping to strengthen the organizational capability to apply those rules and proactively react to breaches in control and monitoring. A complementary set of work involves supporting the creation of a robust accountability environment involving formal institutions of accountability in combination with empowered civil society organizations, communities, and beneficiaries.

In this broader approach to governance, project-level engagements serve as platforms for intensive support to the country’s own systems for managing financial, human, and physical assets. Transactions within those projects provide a way to determine system functionality and enable adaptation and improvement of procedural rules as well as oversight and accountability arrangements in response to problems that have been encountered. The project-level governance effort in our evolving work on P4R has many of the characteristics of what has been described, given its focus on the strength of indigenous systems for control and oversight of policy implementation.

We have characterized the two models of GAC work as somewhat competing, while the reality is that our GAC engagements need to utilize both models (as well as hybrid forms). The model of a sectoral driven intervention will be possible in some countries and in some sectors where the space and the relationships exist to build such an engagement but clearly cannot be adopted universally. In many countries, the entry point for our GAC efforts will continue to the project-level. In environments such as Cambodia or Bangladesh, a dedicated effort to ensure fiduciary prudence is essential in order for the Bank to continue to undertake development assistance. In these circumstances, it is essential for our efforts to be pursued rigorously and to introduce ministries and agencies to practices (such as disclosure or responsiveness to complaints) that can create the foundation for improved governance arrangements in the future.

Pakistan, Nigeria, India, and the Philippines are among the country teams who are showing the way forward in the overall GAC agenda and in project-level GAC engagements. Poor governance is recognized in each of these countries as a binding constraint on development and the delivery of services, and the overall governance environment is shaped by deeply entrenched political and institutional factors. Each of the teams is exploring a slightly different approach to ensuring that governance issues are recognized and acknowledged across the portfolio, and that our governance activities within our engagements differ depending on the space available for change. Where possible, our governance work will be designed to support the evolving systems for implementing policies and holding government accountable. Our oversight and implementation support will be designed to increase demand for performance and ensure rigorous oversight of transactions and the use of authority in decision-making.
Achieving Greater Impact of our Project-Level Work – Functional and Structural Implications

A number of functions are highlighted in this proposed approach to project-level GAC work. The success of our GAC efforts depends upon our ability to assess the governance environment and identify situations where we have a good possibility of achieving traction at a sectoral/institutional level. It requires the Bank to have the capacity to determine the accountability challenges that are characteristic of different sectors, and to support the implementation of empirically robust guidance on addressing weaknesses. The approach places a premium on the capacity to support clients in using analysis and review of transactions in order to identify control and oversight weaknesses and take corrective actions. Finally, a strengthened project-level GAC effort is dependent on monitoring and evaluation of the implementation of control and oversight processes along with mechanisms to support improved implementation of both demand and supply procedures across the lifetime of the project.

The creation of the Governance Global Practice group presents a strong opportunity to bring together complementary skills and expertise. Bringing together people working at project and sector-level governance issues should enable closer integration of the two efforts, just as joining expertise in formal and social accountability should promote a more coherent approach to improving overall accountability. More intensive interaction between teams works on innovation with teams involved with public financial management could enable the creation of a broader array of options in responding to system weaknesses, and a higher degree of penetration of mechanisms that extend beyond the traditional public sector. Strengthening the role of knowledge management and monitoring and evaluation can establish more timely and productive feedback mechanisms leading to better processes for adapting rules and systems over time. It should be clear that none of these “advantages” will happen automatically and all of them will require teams to allocate time and resources to capturing the potential upside of collaboration. It is also clear that meeting the challenge of improving the impact of our project level GAC work will require breaking down the separation between project and institutional work.

In addition, effectively undertaking GAC work will require the Governance GP to build close collaboration with the other GPs that are more directly involved in the delivery of services. Establishing an overall expectation of collaboration will be as important as defining a mechanism, such as a MoU, so that joint efforts on governance have a degree of regularity and scope.

The final structural element relates to the interaction between the GGP and the country teams. Country teams are likely to retain a good deal of the deep institutional knowledge and will continue to lead the overall dialogue with our counterparts on our portfolio of engagements. It is therefore essential for the GGP to establish forums and mechanisms that enable strong collaboration between the GGP and OPCS, and concerted efforts to shape the portfolio dialogue in ways that contribute to our evolving approach to project and sector level governance.