

**GUIDANCE NOTE  
ON BANK  
MULTI-STAKEHOLDER ENGAGEMENT**

**June 2009**



## FOREWORD

With the adoption of the Bank's Governance and Anti-Corruption Strategy in 2007, Management in discussion with the Board of Executive Directors sent a clear signal for the Bank to scale-up its engagement with actors outside of the executive. This commitment flows from an increasing recognition that engagement with a broad range of stakeholders is essential both to ensuring improved governance and anti-corruption and to achieving the Bank's broader mission of sustainable and inclusive development.

The Bank's work on multi-stakeholder engagement has increasingly become a matter of regular practice and, in various cases, has been a source of innovative solutions to country needs and development challenges. In this light, the guidance in this Note taps into the growing body of good practice and lessons learned in relation to multi-stakeholder engagement. A specific focus is placed on areas of engagement which might be less familiar to staff, such as for instance with the media sector, parliaments and civil society organizations.

We hope that this Guidance Note will encourage staff to build on existing experiences and continue, as in the past, to engage in a productive and balanced manner with a broad range of stakeholders, while ensuring the flexibility needed to address different country circumstances.

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## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CDD	Community-Driven Development
CSO	Civil Society Organization
GAC	Governance and Anti-Corruption
GAC Strategy	World Bank Group's 2007 Strategy on Governance and Anti-Corruption
IBRD	International Bank of Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
LICUS	Low-Income Countries Under Stress
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Governmental Organization
OPs	Operational Policies
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
WBG	World Bank Group
WBI	World Bank Institute

# GUIDANCE NOTE ON BANK MULTI-STAKEHOLDER ENGAGEMENT

## TABLE OF CONTENTS

<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. MANDATE ISSUES IN RELATION TO MULTI-STAKEHOLDER ENGAGEMENT .....</b>	<b>3</b>
A. Multi-stakeholder Engagement and the GAC Strategy .....	3
B. Legal and Policy Considerations and Multi-stakeholder Engagement.....	4
<b>III. GOOD PRACTICE IN MULTI-STAKEHOLDER ENGAGEMENT .....</b>	<b>11</b>
A. Media Sector .....	11
B. Civil Society Organizations .....	15
C. Parliaments.....	20
<b>ANNEX I.....</b>	<b>22</b>
<b>ANNEX II .....</b>	<b>23</b>

## BOXES

Box 1. Three Country Assistance Strategies with a Strong Governance Focus .....	4
Box 2. World Bank Group Global Policy Consultations.....	6
Box 3. Helping Ghana to Diversify Its Broadcasting Sector to Promote Civic Engagement.....	13
Box 4. Developing Community Radio within Community Driven Development .....	15
Box 5. Involving CSOs in CASs and Development Policy Loans .....	17
Box 6. CSO Participation in the Project Cycle.....	18
Box 7. Bank CSO Capacity Building Programs .....	19
Box 8. Examples of Bank Engagement with Parliaments and Development Results ...	20



## I. INTRODUCTION

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1. This note provides guidance to staff on good practice and mandate issues in relation to the Bank's<sup>1</sup> work on multi-stakeholder engagement. The note was prepared in support of the *Implementation Plan for Strengthening World Bank Group Engagement on Governance and Anticorruption*, which calls for "guidance to staff on demand-side good practice and mandate issues vis-à-vis civil society engagement."<sup>2</sup>

2. The Bank's 2007 Report on Governance and Anticorruption ("GAC Strategy")<sup>3</sup> envisages building on existing experience and systematically scaling-up multi-stakeholder engagement in the Bank's operational work, in a manner consistent with the Bank's legal framework and in consultation with governments. In particular, the GAC Strategy provides that:

[i]n keeping with existing practice, as part of the overall framework of cooperation with its members, in undertaking multi-stakeholder engagement, the WBG will, in consultation with government, make sure to work within the country's constitutional and legislative framework, seek the approval of government where it is required by its operational policies and procedures, and avoid engagements that are not consistent with the Articles framework. Working with the government as its principal counterpart in accordance with these parameters, the WBG will scale up existing good practice in working with a broad range of stakeholders in close collaboration with other development partners, respecting a division of labor among donors based on expertise and mandate.<sup>4</sup>

The stakeholders in question include a broad range of actors, such as community members, the private sector, parliaments, the media, and civil society.<sup>5</sup> Activities would

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<sup>1</sup> In this paper, unless expressly indicated to the contrary or the context requires otherwise, references to "the Bank" or the "World Bank" include both IBRD and IDA; the "Board" denotes the Executive Directors of IDA and IBRD; "borrower" includes a borrower under an IBRD loan and a recipient of an IDA credit or grant; "Articles" means both IDA and IBRD's Articles of Agreement; "lending" includes making an IBRD loan, an IDA credit, or an IDA grant; "loans" include IBRD loans and IDA credits and grants; "loan agreement" includes an agreement between the Bank and the borrower providing for an IBRD loan as well as an agreement for IDA financing (through a credit or grant); "trust fund" means a financing arrangement set up with contributions from one or more donors and, in some cases, from the World Bank Group. Note, further, although the GAC Strategy, *infra* note 3 refers to the World Bank Group (which encompasses e.g. IFC and MIGA), the discussion here, unless otherwise expressly indicated, is restricted to IDA and IBRD. Further, the discussion applies, unless expressly indicated otherwise, to the use of Bank trust funds.

<sup>2</sup> *Implementation Plan for Strengthening World Bank Group Engagement on Governance and Anticorruption*, Operations Policy and Country Services, September 28, 2007 ("GAC Implementation Plan") at p. 15.

<sup>3</sup> See *Report on Strengthening Bank Group Engagement in Governance and Anticorruption* (R2007-0036/2; March 21, 2007) ("GAC Strategy").

<sup>4</sup> *Ibid.* at paragraph 34.

<sup>5</sup> Civil Society is a broad-based sector which includes NGOs, labor unions, community groups, faith-based organizations, professional associations, and foundations. For more detail see, *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations* (World Bank: Washington, DC, 2005) ("Issues and Options Paper") at paragraph 6.

target participatory prioritization of development policies and public spending; strengthening transparency and oversight over the use of budgetary resources; user participation and oversight in service provision; strengthening participatory local governance; strengthening other formal oversight and check and balance institutions; and strengthening the enabling environment for civil society and media to operate effectively.

3. The Bank has developed a body of existing experience in engaging with a broad range of stakeholders. This work has increasingly become a matter of regular practice and, in various cases, has been a source of innovative solutions to country needs and development challenges. This Note is intended to provide guidance to staff to help them build on existing experiences and continue, as in the past, to engage in a productive and balanced manner with a broad range of stakeholders, and with the flexibility needed to address different country circumstances.

4. The Bank's legal and policy framework already outlines modalities for multi-stakeholder engagement in a manner consistent with the Bank's Articles of Agreement. These modalities seek to balance, on the one hand, the value of multi-stakeholder engagement in improving both development outcomes and the Bank's work, with the need, on the other hand, to respect the various limits set-out in the Articles<sup>6</sup> and the role ascribed to member countries, by the operational structure of the Bank, as the Bank's principal working counterparts. The multi-stakeholder engagement proposed under the GAC Strategy for the Bank strikes this same balance and is in general consistent with the Bank's Articles of Agreement and other relevant policy requirements.

5. Part II of this Note discusses the applicable legal and policy considerations in more detail. Part III provides guidance on good practice for ensuring the effectiveness of Bank interventions and that they are performed in a manner consistent with the Bank's mandate, with a particular focus on working with media, parliament and civil society.

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<sup>6</sup> These include the limitation on interference on a member's political affairs and on basing decisions on a member's political character or on non-economic considerations. See paragraph 12 below for more detail.

## II. MANDATE ISSUES IN RELATION TO MULTI-STAKEHOLDER ENGAGEMENT

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### A. Multi-stakeholder Engagement and the GAC Strategy

6. **GAC Strategy Proposed Scaling-up of Multi-stakeholder Engagement.** The GAC Strategy argues that gains can be made in the Bank's work through multi-stakeholder engagement, in particular, with actors outside of the executive branch of government.<sup>7</sup> Multi-stakeholder initiatives cover a broad spectrum of activities, in which the Bank is already involved to varying degrees. As the GAC Strategy notes, the Bank has become increasingly involved with civil society groups over the past decade, and "Bank capacity and sophistication in this work have expanded dramatically."<sup>8</sup> The Strategy envisages building on this experience and systematically scaling up multi-stakeholder engagement in the Bank's operational work, in a manner consistent with the Bank's legal framework and in consultation with governments.<sup>9</sup> The existing areas highlighted by the GAC Strategy for scaling-up, where the Bank is already engaged with a broad range of stakeholders, are as follows:

- (i) Participatory prioritization of policies and public spending, which would include facilitation of PRS consultative processes and participatory national and local budgeting, which would include development policy lending operations;
- (ii) Strengthening transparency and oversight over the use of budgetary resources, which would include supporting initiatives involving Supreme Audit Institution capacity, parliamentary committees, civil society monitoring of procurement, participatory public expenditure reviews and expenditure tracking studies;
- (iii) User participation and oversight in service provision, which would include supporting initiatives aimed at strengthening capacity of user groups and service delivery scorecards;

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<sup>7</sup> See e.g. GAC Strategy, *supra* note 3 at paragraphs 32 and 33 on the importance of multi-stakeholder engagement and at Annex H: Summary of Feedback From Global Consultations, paragraph 8:

"8. There was widespread support from both developing and donor country audiences for the Bank Group to step up its engagement in support of the good governance and anticorruption efforts by major actors outside the executive branch of government, including civil society, parliamentarians, judiciary, the media, and the private sector, and to do so in coordination with other donors. The Bank was strongly urged to engage with countries in ways that would promote greater public participation in policymaking and oversight and participatory local governance, and to strengthen the enabling environment for civil society and media to operate effectively, including efforts to promote greater access to information and institutional capacity; parliamentary oversight and judicial performance. Many stakeholders suggested that the Bank expand its existing work in CDD, participatory budgeting and other social accountability programs." (Note that the language here refers to the World Bank Group as a whole, but for the purposes of this discussion is cited only with reference to IBRD and IDA.)

<sup>8</sup> *Ibid.*, at paragraph 33. More recently, the *Accra Agenda for Action* (3rd High Level Forum on Aid Effectiveness, 4 September 2008) includes a commitment for donors to increase support for multi-stakeholder engagement, at paragraph 13(b): "Donors will support efforts to increase the capacity of all development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives."

<sup>9</sup> GAC Strategy, *supra* note 3, at paragraph 34.

- (iv) Strengthening participatory local governance, which would include supporting initiatives involving local government capacity, including in participatory processes and the facilitation of community-based decision-making on local public infrastructure priorities;
- (v) Strengthening other formal oversight institutions, which would cover judicial & public defenders capacity, ombudsmen, regulatory bodies, and parliamentary capacity development; and
- (vi) Other actions, including media capacity development and other civil society capacity development.<sup>10</sup>

The GAC Strategy also highlights a number of cases where multi-stakeholder engagement has featured in the preparation and implementation of CASs. (See box 1.)

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**Box 1. Three Country Assistance Strategies with a Strong Governance Focus<sup>11</sup>**

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Indonesia (FY03) is an early example of a CAS that featured governance as the key to reducing poverty; this focus was a necessary and innovative response to the damage done to the WBG's reputation in the 1990s by its high levels of financial support to a government that was perceived to be highly corrupt. Two other examples of CASs that also focus on governance—but in a different way than Indonesia—are Bangladesh (FY06) and Albania (FY06). While all three CASs address governance as a central challenge for poverty reduction, their distinctive approaches underscore that “no one size fits all” when it comes to governance reform. The Indonesia CAS places a strong emphasis on the interface between local governments and communities as key to improved accountability, and better provision of poverty-reducing services, and supports a national-level Partnership for Governance Reform that involves civil society, donors, and government. The Albania CAS highlights the use of business environment surveys as a way of monitoring progress in implementation. The Bangladesh CAS suggests interventions ranging from justice reform to improved freedom of information.

See *Indonesia Country Assistance Strategy* (Report No. 27108-IND), *Bangladesh Country Assistance Strategy* (Report No. 21326-BD), and *Albania Country Assistance Strategy* (Report No. 34329-AL) for more details.

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**B. Legal and Policy Considerations and Multi-stakeholder Engagement**

7. **Bank's Purposes.** All of the decisions of the Bank must be guided by its purposes.<sup>12</sup> The contribution of multi-stakeholder engagement to improving development outcomes across a range of development objectives is increasingly recognized. There is increasingly strong evidence of the importance of engaging with and strengthening a

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<sup>10</sup> Adapted from GAC Strategy, *supra* note 3 at pp. 19-20. For more detail, please see Annex II, which provides past examples of Bank multi-stakeholder engagement.

<sup>11</sup> Adapted from GAC Strategy, *supra* note 3, p. 14, Box 5.

<sup>12</sup> Article I of IDA's Articles declares that the Association's purposes are to promote economic development, increase productivity, and raise standards of living in less developed areas within the Association's membership. According to Article I of IBRD's Articles, those purposes are, among other things, to: assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the development of productive facilities and resources in less developed countries. See also, Memorandum from the Vice President and General Counsel, *Authorized Purposes of Loans Made or Guaranteed by the Bank*, SecM-88-517 (May 10, 1988).

broad array of stakeholders and improving principles such as participation, empowerment, transparency and accountability.<sup>13</sup> In relation to the GAC Strategy, multi-stakeholder engagement can be situated within the larger context of GAC-related activities. As a general matter, the links between issues of governance and anti-corruption and the Bank's purposes have become increasingly apparent as a result of the Bank's growing engagement and body of work on GAC issues.

8. In the Bank's experience with projects and policy dialogue, poor governance and corruption have been shown to undermine efforts to reduce poverty and achieve sustainable and inclusive development. There is a growing consensus within the Bank, and the development community as a whole, that increased work on GAC issues can significantly improve development effectiveness. As the GAC Strategy states:

Poverty reduction is the main mission of the Bank's work. With much evidence demonstrating the link between governance and poverty reduction, and between corruption, governance, and aid effectiveness, [...] strengthening governance and fighting corruption are key to achieving this mission.<sup>14</sup>

As a general matter, therefore, the GAC Strategy has been found to fall clearly within the Bank's mandate.<sup>15</sup> Indeed, the Bank, with the concurrence of its governing bodies, has pursued work on issues of governance and anti-corruption for over ten years.

9. The added value of multi-stakeholder engagement as part of the overall efforts to improve governance and fight corruption is also increasingly recognized. As the GAC Strategy further states:

Gains in transparency, participation, and accountability support the objective of poverty reduction. Engaged local communities, a vibrant civil society, and a transparent flow of information (including well-functioning, capable and open media) support poverty reduction by helping to hold governments accountable for delivering better services, creating jobs, and improving living standards.<sup>16</sup>

To be clear, the contributions of multi-stakeholder engagement extend beyond the GAC context, and the benefits apply to the Bank's work more generally. The Bank's own earlier good practice has recognized that civil society organizations "can make important

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<sup>13</sup> See e.g. *World Development Report 2000/1: Attacking Poverty* (OUP: New York, 2001) at Chapter 5 "Expanding Poor People's Assets and Attacking Inequalities." For more recent views see e.g., *World Development Report 2004: Making Services Work for Poor People* (New York: Oxford University Press, 2005) and *World Development Report 2006: Equity and Development* (New York: Oxford University Press, 2005). Daniel Kaufmann, "Human Rights, Governance and Development *An empirical perspective*," *Development Outreach* (World Bank: October 2002).

<sup>14</sup> GAC Strategy, *supra* note 3 at paragraph 6.

<sup>15</sup> Furthermore, a number of proposals in the GAC Strategy are aimed at strengthening the Bank's fiduciary and other arrangements for the purpose of avoiding corruption in Bank financed projects. See e.g., Part III of the GAC Strategy ("Addressing Corruption in Bank Group Operations") and Annex C ("Addressing Corruption in Bank Group Projects"). Such proposals further find specific support in the Articles, which oblige the Bank to make adequate arrangements to ensure the proper use of Bank financing. Article III, Section 5(b). See also, paragraph 4 of the GAC Strategy, *supra* note 3.

<sup>16</sup> *Ibid.*, at paragraph 32.

contributions toward ensuring that the views of local people are taken into account, promoting community participation, extending project reach to the poorest, and introducing flexible and innovative approaches.”<sup>17</sup>

10. More recently, the *Accra Agenda for Action* of the Third High Level Forum on Aid Effectiveness affirmed a commitment to deepen engagement with CSOs “as independent development actors in their own right whose efforts complement those of governments and the private sector.”<sup>18</sup> The Bank also recognizes in its *Policy on Disclosure of Information* that “timely dissemination of information to local groups affected by the projects and programs supported by the Bank, including nongovernmental organizations is essential for the effective implementation and sustainability of projects”.<sup>19</sup> At the global level, the Bank frequently undertakes public consultations with a broad range of external stakeholders to garner feedback on, and prior in the process of developing, proposed Bank strategies and policies on existing and emerging development issues. (Box 2 provides a number of examples.)

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#### **Box 2. World Bank Group Global Policy Consultations**

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In recent years, the WBG has conducted, when needed, a series of multi-stakeholder global policy consultations on a variety of emerging sectoral, thematic and global strategies. The goal has been to improve policy by taking into account the knowledge, experience and views of key stakeholders around the world. Each process has been different and designed to suit the needs of the specific policy and its stakeholders. Increasingly, a balance of electronic and face-to-face meetings is used to obtain a wide range of views, which are reported to the Board and external stakeholders. Recent examples include the GAC Strategy in 2007 (45 countries, over 3,500 participants), the Long Term Strategy for the World Bank Group in 2007 (10 countries), the Use of Country Systems in Procurement in 2008 (78 countries), the Strategic Framework for Climate Change and Development in 2008 (over 75 countries, over 1,800 participants), and most recently in 2009 the proposed Information Disclosure policy reform (ongoing). A toolkit is being developed to guide staff in how to carry out high quality, customized global consultations, and how to sequence such processes. Attention is being given to how to manage such dialogues efficiently but also effectively given the limited time and resources of both staff and external stakeholders.

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11. The bases under the Bank’s mandate for multi-stakeholder engagement are thus generally strong. The goal of scaling-up of such engagement, as outlined in the GAC Strategy and Implementation Plan, is to increase development effectiveness. This goal reflects the growing presumption that the involvement of a wide-range of stakeholders can enhance the Bank’s work at all stages and, in turn, that individual interventions will serve the Bank’s mandate.

12. **Avoidance of Political Interference.** All decisions and activities undertaken in furtherance of the Bank’s purposes and its development mandate must be consistent with the other provisions in the Articles. Prominent among these provisions is the “political

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<sup>17</sup> GP 14.70, *Involving Nongovernmental Organizations in Bank-Supported Activities* (July 1998) at paragraph 1. While such statements are not regarded as reflecting official Bank policy, they contain information that is useful to Bank staff in carrying out policies and procedures.

<sup>18</sup> *Accra Agenda for Action*, *supra* note 8 at paragraph 20

<sup>19</sup> *The World Bank Policy on Disclosure of Information*, (World Bank: January 1, 2002), at paragraph 3.

prohibition” which means that the Bank must avoid becoming entangled in partisan or ideological disputes, whether real or perceived, and must not be influenced in its decisions by the “political character” of a member country.<sup>20</sup> The existing requirements in the Bank’s OPs and policy framework balance the importance of multi-stakeholder engagement in improving both development outcomes and the Bank’s work in a number of contexts, against the need to avoid political interference, including through consultation with the borrower, as the Bank’s principal counterpart. OP 2.30 on *Development Cooperation and Conflict* requires the approval of a member for Bank involvement in the territory of the member.<sup>21</sup> In certain contexts, the Bank requires, under its safeguard policies, that the borrower consult with actors outside of the executive, particularly with project-affected groups.<sup>22</sup>

13. OP 8.60 on *Development Policy Lending* calls upon the Bank to advise borrowing countries to consult with, and engage the participation of, key stakeholders in the country in formulating the country’s development strategies. In addition, OP 8.60 recognizes that it falls on the country in question to determine “in the context of its constitutional and legislative framework” the form and extent of consultations and participation in preparing, implementing, and monitoring and evaluating” a development policy operation.<sup>23</sup> This language is relevant to the GAC Strategy because it states in a similar manner that, in undertaking multi-stakeholder engagement, the Bank will work within a

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<sup>20</sup> The prohibition encompasses two separate, but inter-related, requirements. First, the Bank and its officers must not interfere in the “political affairs” of a member country and, second, they must not be influenced in their decisions by the “political character” of a member country or non-economic considerations. See IBRD, Articles of Agreement, Article IV, Section 10 and IDA Articles of Agreement, Article V, Section 6.

<sup>21</sup> OP 2.30, *Development Cooperation and Conflict* (January 2001) at paragraph 3(a).

<sup>22</sup> For instance, OP 4.01 on *Environmental Assessment* requires, for Category A and B projects, that the borrower consult project-affected groups and local nongovernmental organizations. Similarly under OP 4.10 on *Indigenous Peoples* the Bank requires the borrower to engage in a process of, “free, prior and informed consultation.” The Bank only provides project financing where free, prior and informed consultation results in broad community support to the project by the affected Indigenous Peoples. OP 4.12 on *Involuntary Resettlement* states that displaced persons should be “meaningfully consulted” and should have opportunities to participate in planning and implementing resettlement programs. Other safeguard policies provide for consultation or participation including: OP 4.04 *Natural Habitats*, 4.09 *Pest Management*, OP 4.11 *Physical Cultural Resources*, and OP 4.36 *Forests*. With respect to participation and consultation requirements in the preparation of environmental assessments, former General Counsel Ibrahim Shihata previously noted the following: “Such participation and consultation, to be useful at all, require a reasonable measure of free expression and assembly. The Bank would, in my view, be acting within proper limits if it asked that this freedom be insured when needed for the above purposes. Its denial of lending for a given project in the absence of this requirement where it applies cannot be reasonably described as an illegitimate interference in the political affairs of the country concerned, just because the rights to free expression and assembly in general are normally listed among political rights.” I. Shihata, *Prohibition of Political Activities in the Bank’s Work* (July 12, 1995) at 12-3. Reference can also be made to the Bank’s Procedures (BPs), e.g. BP 2.11 at paragraph 7 which requires the Bank to seek “the government’s prior agreement to hold consultations (through workshops, roundtables, etc.) on the proposed CAS with nongovernmental stakeholders, such as community-based organizations and the private sector.”

<sup>23</sup> OP 8.60 at paragraph 6. According to OP 8.60, key stakeholders include social groups directly affected by policy-based operations, as well as public sector, private sector, and donor organizations relevant to those operations. See OP 8.60 at footnote 5.

member's constitutional and legislative framework. In this sense, the existing good practice on this point for OP 8.60 is applicable to multi-stakeholder engagement, namely, that "[i]n all cases, it is desirable to conduct some analytic work and, if necessary, focused consultation to assess the conditions for participation in a particular country. A sound stakeholder analysis is the key instrument to assess the capacity and the potential of different actors to contribute to the effectiveness and sustainability of policy design and implementation."<sup>24</sup>

14. Accordingly, to avoid the risk of political interference risk, when working with a broad range of stakeholders outside of the executive, Bank staff should take appropriate measures in project design and implementation, which may include the following:

1. As with all Bank interventions, the audience, focus and boundary of the activity need to be clearly demarcated and tied to a development objective from the outset.
2. Broadly, Bank staff should ensure that the activities it supports enjoy country ownership. Ideally, Bank supported activities would be supported and/or implemented by coalitions including government, the private sector and civil society, and enjoy a consensus among political actors in the relevant country.<sup>25</sup>
3. The Bank should assess the risk of political entanglement real or perceived and take measures to avoid this risk through appropriate design, including appropriate mechanisms to ensure that the project is implemented in a neutral, non-partisan fashion. (Additional guidance on mechanisms for ensuring neutral, non-partisan implementation is provided Part III below.) In presenting proposed country strategies and interventions to Executive Directors, staff may consider providing this assessment and detailing the design features aimed at mitigating these risks.<sup>26</sup>
4. In the same vein, the Bank needs to take care where it attempts to harmonize its activities with other donors. In particular, consistent with the recent legal guidance provided on the Bank's involvement in peace and security matters, to avoid political interference, "the Bank must exercise care to ensure that it does not endorse, nor is seen as endorsing, controversial program components or activities, those that pose a reputational risk, or those that are inconsistent with the political prohibition. Moreover, the Bank should clearly specify that its focus is on those areas that are within its legal authority to address. [...] Care should also be taken

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<sup>24</sup> *Participation in Development Policy Operations: Good Practice Note for Development Policy Lending, Operations Policy and Country Services* (World Bank: October 2004) at p. 8. This note further outlines different scenarios illustrating the relationship between enabling factors and possible forms of participation, notably, where: the country has a culture of public debate and legal and other institutional arrangements for representation; the country has no culture of public debate and no legal and other institutional arrangements for representation; fragile channels of representation do not fully represent the views of different stakeholders; and deep conflict and political stress prevail.

<sup>25</sup> The GAC Strategy, *supra* note 3 at paragraph 16 lists lessons learned which verify such an approach.

<sup>26</sup> Also relevant are Bank procedures on communications between the Bank's Executive Directors and staff. See e.g. *BP 17.30 – Communications with Individual Executive Directors* (October 1999).

by Bank staff to avoid the perception that it is encouraging other donors to take particular positions on matters that are outside the Bank's mandate."<sup>27</sup>

5. Dialogue with government on engagement in this area should be guided by the Country Director and anchored in the existing country program.

15. More generally, in assessing the degree of risk, the Bank should examine all relevant factors, including the overall country context, the nature of the particular activities to be supported, and the nature of the actors with which it proposes to engage, including their relationship with the government.<sup>28</sup> In this regard, the Bank should avoid activities that are inherently linked to partisan politics, such as support for the electoral process, and engagement with entities or groups with partisan associations.

16. **Application of Legal Considerations in Specific Situations.** It is possible to identify three broad categories of activities where these legal considerations would apply:

A. The first category would include well-established activities such as the practice of including civil society and other stakeholders by the Bank in the design of CASs and by the government in the design of PRS exercises; consultations in the context of developing environmental assessments, resettlement instruments and indigenous peoples' plans; consultations on sector strategies; global public consultations and policy dialogues on existing and emerging development issues; and participation, oversight and transparency processes built into Bank financed projects, such as community driven development projects and financing of service delivery. For these types of activities, a sensitivity to the political prohibitions and normal due diligence in line with the relevant OPs would be sufficient in most cases to steer the Bank clear of political interference.

B. The second category would include activities which, because of the high inherent risk of political interference, are likely to raise Articles issues. These activities include political governance, for instance, support of efforts to help organize political parties, or to the organization, running and monitoring of

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<sup>27</sup> A. Palacio, *Legal Opinion on Peace-Building, Security, and Relief Issues under the Bank's Policy Framework for Rapid Response to Crises and Emergencies* (March 22, 2007) at paragraph 19; available as an Annex to *Toward a New Framework for Rapid Bank Response to Crises and Emergencies*, Operations Policy and Country Services (World Bank: January 12, 2007 (revised March 2007)).

<sup>28</sup> Indeed, the Articles implicitly require the Bank to have a good understanding of the political governance and of the political economy of the country in which it provides support. This requirement is derived from the Bank's affirmative obligations under the Articles to study the merits of each operation carefully (IBRD Articles of Agreement, Article III, Section 4(iii)), to act prudently, when making a loan, in the best interests of the country and the members of the Bank as a whole (id., Article III, Section 4 (v)), and to make arrangements to ensure that the proceeds of its loans are used for the purposes for which the loan was granted (id., Article III, Section 5(b)).

elections. We note that the GAC Strategy specifically excludes Bank support for such activities.<sup>29</sup>

C. The third category would include areas where the GAC Strategy envisages scaling-up Bank involvement and where the legal and other risks can be managed with the appropriate care. These include support for media sector development, strengthening the institutional capacity of civil society groups and work with parliaments. Part III of this Note provides detailed advice on good practice, to assist the Bank's efforts in scaling-up involvement in those areas, in a manner consistent with the Bank's Articles' framework.

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<sup>29</sup> GAC Strategy, *supra* note 3 at paragraph 51 and Annex B ("Country Efforts: Entry Points for Governance and Anticorruption Reform"), paragraph 2.

### III. GOOD PRACTICE IN MULTI-STAKEHOLDER ENGAGEMENT

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17. The Bank has developed a body of existing experience in working with civil society organizations, parliaments and media. For instance, the Bank's capacity-building programs for parliament, media and CSOs have provided advice and training of a non-partisan and technical nature, involving a broad range of actors, in international fora. The Bank has also provided support to CSOs, parliaments and media in the context of projects aimed at promoting public sector and institutional reform, water and sanitation, gender, and the delivery of basic services.<sup>30</sup>

18. The following guidance on good practice is provided to help Bank staff as the Bank scales up and broadens the scope of its work in areas such as media, civil society and parliaments, as called for in the GAC Strategy. The guidance reflects past practices which have enabled Bank staff to engage with a range of stakeholders in a balanced and productive manner and which, in various cases, has been a source of innovative solutions to country needs and development challenges. In this vein, the guidance reflects the need for flexibility to address different country circumstances. It should be noted further that this guidance is not restricted simply to GAC work, and seeks to enhance the Bank's support for media sector development, civil society engagement, and parliamentary effectiveness, to improve governance and broader development effectiveness, in a range of situations. Since this guidance cannot anticipate every case of possible intervention, in cases not foreseen here, or if there is doubt, staff should refer to Annex I and consult with the contacts listed there.

#### A. Media Sector

19. **Introduction.** In calling for scaling-up efforts to promote transparency and accountability, the GAC Strategy highlights the importance of enabling "the development of independent and competitive media that can investigate, monitor and provide feedback on government performance, including corruption."<sup>31</sup> As a sector, the media comprises

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<sup>30</sup> Examples of past Bank interventions in relation to media, parliaments and civil society can be found in Annex II below. In addition to those examples, there is also in Timor-Leste a 12-week training program funded by the World Bank-administered *Norwegian Trust Fund for Mainstreaming Gender* (GENFUND) between January - April 2007, targeted at women journalists working with community radios in 10 different districts and the *WBI's Affiliated Networks for Social Accountability* in Africa and Asia, which build capacity among CSOs for holding governments accountable.

<sup>31</sup> GAC Strategy, *supra* note 3 at pp. 20-1, paragraph 32. See also Annex B, at pp. 52-3. The importance of media to efforts to promote governance and anti-corruption are further stated in these terms at p. 18, paragraph 31: "A key cross-cutting priority that has increasingly been emphasized in Bank work over the past decade... is to enhance development effectiveness by helping states become more transparent, including by facilitating greater participation and oversight by civic organizations and the media. Citizens and media that have broad access to information on the operation of state institutions are crucial for fostering accountability. Such access may include publication of budget and procurement data, access to state records and reports, and the state's active dissemination of information on its operations and performance including through e-government. Citizens and media can also promote accountability and

different types of media or subsectors, such as print-media, radio and television broadcasting and newer technologies such as internet-based media. In addition, a general typology of ownership of media can be distinguished, which is particularly salient in the broadcasting sector, and includes government-owned media, commercial private media, public service media and community nonprofit media such as community-based radio.<sup>32</sup>

20. In this context, good practice in dealing with media can be broken into two stages. The first involves diagnostic work to assess country conditions and, in particular, to determine whether in light of the country context and country relationship it would be productive to engage in supporting development of the media sector. This assessment in turn will have a bearing on the second stage, which involves managing potential political and reputational risks of media work and promoting good practice in media development, through specific types of activities the Bank may choose to support or undertake in a given country context.

21. ***Assessing the Context for Potential Support.*** Whether and how the Bank can effectively support media policy and sector development in a particular country depends on the Bank's country relationship and must be tailored to the country setting. Support that contributes to the functioning of media should be considered as a part of broader efforts in the country assistance program to improve governance, transparency, accountability and inclusivity of development. As a practical matter, the prognosis for a productive engagement depends on the government's interest in improving sustainable means for people to access information from diverse sources and without government control, to communicate and articulate issues of concern, and engage with each other and with public officials in transparent fora.

22. ***Managing Political and Reputational Risks and Promoting Good Practice.*** This section provides guidance on the specific types of activities that the Bank may choose to undertake or support and that should be considered prominently in media assistance efforts. Guidance is not provided specifically for internet-based media, as this is an emerging area where practices are rapidly evolving and internationally accepted good practices are less stable. Good practice for the various types of Bank activities are as follows:

- ***Analytic Activities:*** Regular due diligence practices apply, for dealing with government and various stakeholders, but a particular sensitivity is called for when handling dialogue with government and various stakeholders on the results and recommendations arising from analytic studies and for any public

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greater corporate responsibility in the private sector. In addition, greater transparency can help to enhance the credibility of decision-makers through the public disclosure of their income and assets and promote more ethical behavior by government, private sector, and civil society actors.”

<sup>32</sup> These broad characteristics are discussed in more depth regarding the media sector as a whole and as they exist in broadcasting, in S. Buckley, K. Duer, T. Mendel, S. Ó Siochrú, *Broadcasting, Voice and Accountability: A Public Interest Approach to Policy, Law and Regulation*, (World Bank: 2008) (*Broadcasting, Voice and Accountability*).

dissemination of such results. Such dialogue should be undertaken by experienced staff.

- *Technical Assistance/Capacity Development of Members of the Media:* When dealing with specific members of the media, e.g., through capacity building and training seminars, attention should be paid to ensuring that support is provided on a non-partisan basis, is open to members of the sector or a sub-sector as a whole, and does not favor particular political forces or groups within the sector, either by design or in practice. Again, when dealing with higher risk contexts, contacts should be made by experienced staff. In such cases, additional measures may also be required, which should be clearly identified and reported, to overcome any obstacles that members of the targeted sector or subsector may face in being able to participate in the activities.
- *Lending/Non-Lending Assistance to Improve Media Sector or Enabling Environment:* Support to improve the media and its enabling environment will generally promote the legal and regulatory environment for media and the development of diverse ownership models including independent public service and community non-profit media as well as privately owned media. (An example appears in box 3.)

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### **Box 3. Helping Ghana to Diversify Its Broadcasting Sector to Promote Civic Engagement**

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The Bank has provided technical support, sustained over years of evolving domestic consensus-building, to help countries develop robust legal and regulatory frameworks for the broadcasting sector, to enhance media diversity, independence and poor people's voice. The goal is to strengthen the role of broadcast media in providing a public space for the broad population to share information and pursue issues with each other and with government officials. In Ghana, WBI worked with diverse stakeholder groups in government, civil society and the private sector, collaborating with the Bank's country office and project teams. WBI contributed analysis, dialogue, expert advice and supported consultations and bridge-building among domestic stakeholder groups and high level government officials. These efforts supported (a) adoption of a *National Community Radio Policy*, incorporated into the National Telecommunications Policy of 2005; (b) a *Study of Ghana's Broadcasting Sector and Enabling Environment* which was widely disseminated by Government (2006); and (c) *participatory development of a draft Broadcasting Bill and steps toward a reformed regulatory framework* (2006-8). In February, 2009, the President of Ghana announced in his State of the Nation Address that the new government would see to the passage of a broadcasting law "to regulate the parameters of broadcasting in the country," and the President's office stated that the new law would open the way for community radio stations to be established in every district.

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Support to the enabling environment for media should follow similar approaches to those taken by the Bank in supporting Government's efforts in other public sector or institutional reforms. Namely, the assistance should be tied to a clear development objective. As noted in the GAC strategy, working for a more diverse and independent media sector can be a way to increase government accountability and to benefit the poor by enhancing their participation and dialogue.<sup>33</sup> Possible

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<sup>33</sup> "Citizens and media that have broad access to information... are crucial for holding the state to account." GAC Strategy, *supra* note 3 at Annex A, paragraph 12. "A free media, vibrant civil society,

activities reflecting good practice from around the world could include, for instance:

- Assisting in developing a legal and regulatory framework for broadcasting, which is implemented at arms-length from the government through an independent and transparent regulatory body,<sup>34</sup> and which promotes diversity in forms of ownership and purposes (including public service, commercial private and non-profit community broadcasting);<sup>35</sup>
- Assisting in framing of content restrictions to enable media to share information, articulate views and, as the GAC strategy notes, contribute to holding both government officials and private sector actors accountable;<sup>36</sup>
- Facilitating entry into the vocation of journalism and strengthening media associations and institutions of media training and self-regulation; and
- Financing the growth and capacity of the non-profit community broadcasting sector, which has particular benefits for poor populations.<sup>37</sup> (Examples appear in box 4.)

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engaged local communities and independent citizenry are crucial components for good governance: they have a unique place for holding governments accountable for delivering better services, creating jobs, and improving living standards. Therefore it is important to expand work beyond the state to increase opportunities for participation and oversight by these groups.” Ibid., p. 14, paragraph 27. “Entry Points for Governance Reform – Civil Society and Media: freedom of press, freedom of information...” Ibid., Annex A, p. 26, Figure A2. “More proactive engagement of society is also vital. Countries can achieve this by: ... [e]nabling the development of independent and competitive media that can investigate and report on government performance including corruption.” Ibid., pp. 20-1, paragraph 32.

<sup>34</sup> Additional features of such a regulatory body would include provisions to ensure that the powers and duties of regulatory officials are clearly set out in law, and that their decisions are based on clear criteria and subject to some form of independent administrative review or appeal, for instance, when making appointments, establishing licensing requirements and awarding licenses to commercial outlets or permission to operate to community non-profit media, or awarding funding. See *Broadcasting, Voice and Accountability*, *supra* note 32.

<sup>35</sup> For instance, by ensuring that licensing fees for non-profits do not impose barriers to entry; that community non-profit media are owned by and accountable to the community that they seek to serve, and operate for the purpose of delivering social benefit and not for commercial profit; or, in the case of commercial media, that there is diversity in the provision of broadcasting services. See *Broadcasting, Voice and Accountability*, *ibid.*

<sup>36</sup> GAC Strategy, *supra* note 3 at p. 18, paragraph 31.

<sup>37</sup> For additional information, as part of the Bank’s economic and sector work, S. Buckley, K. Duer, T. Mendel, S. Ó Siochrú have synthesized and documented a broad range of good practices in the policies, laws and regulatory frameworks from diverse countries around the world that enable independent media development, and promote plural and independent broadcasting, with examples from all regions, as a guide for development practitioners and policy-makers. See, *Broadcasting, Voice and Accountability*, *supra* note 32.

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**Box 4. Developing Community Radio within Community Driven Development**

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*Timor Leste.* Starting in 2000, the now completed World Bank supported Community Empowerment and Local Governance Projects (CEP) supported grassroots media development, particularly community broadcasting, by helping establish eight community radios in selected districts and training district reporters. CEP also helped establish a Community Radio Centre (CRC) in Dili, as a training and technical support hub for the network of community radios. Community radio now plays a strategic role in Timor Leste's process of nation-building, social reconciliation and development, local governance and civic voice.

*Nigeria* is establishing its first community radio stations with support from two CDD Projects, Fadama II and III. Bank support started in 2005, when WBI and the Nigeria Country Office convened, jointly with the World Association of Community Radio Broadcasters, a roundtable on community radio in Abuja of expert-practitioners from several African countries, members of the Nigerian community radio coalition, representatives of the Ministry of Information, the National Broadcasting Commission, and the National Assembly. The Minister of Information immediately thereafter established a joint government-civil society Community Radio Policy Drafting Committee, and the draft Policy was produced in 2005. Fadama II and Panos supported Nigerian stakeholders on a study tour of the Ghana Community Radio Network, and participatory planning of pilot stations, with Fadama III financing establishment of the community radio stations in several states.

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In all of the above activities, sharing of international good practices<sup>38</sup> and South-South learning are important tools which Bank staff should use to inform and facilitate country-focused analysis, dialogue and lending/non-lending assistance. Such sharing of good practices also helps in managing potential reputational and political risks.

## **B. Civil Society Organizations**

23. *Existing Guidance on Engaging with CSOs.* The Bank has, for some time now, engaged with CSOs in its work and, since as far back as 1998, has had a good practice note GP 14.70 on involving non-governmental organizations and other organizations of civil society.<sup>39</sup> That Note underscored the important contributions that those organizations can make “toward ensuring that the views of local people are taken into account, promoting community participation, extending project reach to the poorest, and introducing flexible and innovative approaches.”<sup>40</sup> The Bank further outlined the importance of engaging with civil society organizations in its 2005 paper entitled *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations* (“*Issues and Options Paper*”). This paper was discussed and supported by the Bank's Board of Executive Directors. Building on that paper, the Bank is currently

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<sup>38</sup> Ibid. See also, e.g. Roumeen Islam, *Information and Public Choice, From Media Markets to Policy Making* (World Bank: Washington, DC, 2008).

<sup>39</sup> GP 14.70, *Involving Nongovernmental Organizations in Bank-Supported Activities* (July 1998). While such statements are not regarded as reflecting official Bank policy, they contain information that is useful to Bank staff in carrying out policies and procedures.

<sup>40</sup> Ibid. at paragraph 1. Most recently, the *Accra Agenda for Action* affirmed a commitment to deepen engagement with CSOs “as independent development actors in their own right whose efforts complement those of governments and the private sector.” *Accra Agenda for Action*, *supra* note 8 at paragraph 20.

developing a strategic priorities framework for engaging with CSOs. The conclusions and guidance in that strategy will be of broader application than those outlined here. Reference thus should be made to the strategy, for additional guidance on the scope and parameters of the Bank's engagement with civil society.

24. In the meantime, the guidance outlined in the *Issues and Options Paper* and GP 14.70 remains relevant. Both documents provide a strong presumption for the Bank to engage with civil society organizations, and underscore the contributions of CSOs to poverty reduction and development efforts. These include, for instance, promoting public consensus and local ownership for reforms and for national poverty reduction and development strategies; giving voice to the concerns of primary and secondary stakeholders, particularly poor and marginalized populations; strengthening and leveraging impact of development programs; bringing innovative ideas and solutions to development challenges; providing professional expertise and increasing capacity for effective service delivery; and improving public transparency and accountability of development activities.<sup>41</sup>

25. ***Involving CSOs in Bank Activities.*** The *Issues and Options Paper* describes three broad types of interactions for Bank-CSO relations, namely, *facilitation*, which is where the Bank "provides guidance, or technical or financial assistance to client governments to engage with CSOs in Bank-supported activities"; *dialogue and consultation* by the Bank "bilaterally with CSOs, with the knowledge and support of member governments"; and *partnership* with CSOs.<sup>42</sup> GP 14.70, further, encourages Bank engagement with CSOs through information sharing;<sup>43</sup> the formulation of policies, strategies, procedures, and major reports; and operational collaboration, in particular throughout the course of the project cycle including design, implementation, and monitoring and evaluation.<sup>44</sup> (Boxes 5 and 6 provide examples.)

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<sup>41</sup> Issues and Options Paper, *supra* note 5 at paragraph 11; see also GP 14.70 at paragraph 2.

<sup>42</sup> Respectively, see Issues and Options Paper, *supra* note 5 at paragraphs 22-24; 25-27; and 27.

<sup>43</sup> See GP 14.70 at paragraph 9. E.g. by encouraging Bank staff to respond to CSO questions and requests for information in accordance with the disclosure policy (GP 14.70, para. 9); investigate concerns voiced by CSOs regarding projects and application of policies, provide timely and substantive responses, and meet with CSOs and affected parties when possible (paragraph 10) and encourage borrower governments to be responsive to local CSO requests and concerns that relate to development policies and programs (para. 19).

<sup>44</sup> When CSOs participate in Bank-financed projects, Bank staff should describe anticipated and actual CSO involvement in the project documentation and set out in the legal documents any arrangements agreed with the borrower. See GP 14.70 at paragraph 20.

## Box 5. Involving CSOs in CASs and Development Policy Loans<sup>45</sup>

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*Results-Based CAS Consultations.* The Bank's CAS development and implementation increasingly involves results based multi-stakeholder consultations especially involving civil society organizations and citizen groups. The good practice examples include Morocco, Bolivia, Venezuela, India, Ukraine which offer strategies for multi-stakeholder workshops and consultation involving government, private sector, NGOs, civil society groups, academia and professional associations. In Cambodia, a Gender-Aware Results-Based CAS approach developed gender-disaggregated statistical indicators and a focus on women parliamentarians and gender focused CSO dialogues. The Bank's South Africa office has launched a region-wide Development Information Center at the National University in Lesotho in collaboration with other development and CSO partners.

*CSO Participation in Development Policy Loans.* Particular emphasis has been placed on increasing civil society involvement in development policy loans geared to improving policy reform and governance. In Bolivia and Ecuador, participatory monitoring and evaluation of social services became integral parts of the Second Social Programmatic Credit and the Programmatic Social Reform Loan. In Haiti, the Economic Governance Reform Operation included an independent oversight committee to track the government's reform program.

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26. The *Issues and Options Paper* and GP 14.70 further both recognize the need to balance the value of dealing with CSOs as actors in the development process, with government ownership in Bank activities.<sup>46</sup> In this sense, in the context of promoting good governance, Bank efforts to encourage engagement between government and CSOs can contribute to public accountability and development effectiveness. At the same time, it is important for Bank staff to have an understanding of the nature of the relations between CSOs and the government.<sup>47</sup> On this point, the following guidance from the *Issues and Options Paper* is relevant:

**Classification of CSOs is often difficult, given the heterogeneity of institutional interests, organizational dynamics and philosophical perspectives.** While an individual CSO may be classified as local, national or transnational, it may operate at more than one of these levels simultaneously. Some CSOs may be involved strictly in service delivery, some in capacity building, and others only in policy advocacy or research, but increasingly groups are involved in more than one of these activities at the same time. [...] CSOs also form alliances and coalitions with one another at local, national, and/or transnational levels, both formal and informal. These alliances may shift depending on a specific task, issue or political context. [...] In addition, CSOs vary widely with respect to their philosophical and ideological orientations, which may be influenced by faith, historical commitment to public service, politics, the nature of their membership, or by their individual leaders.<sup>48</sup>

Given the size and diversity of civil society, it may thus not be possible for the Bank to engage with CSOs in every context, for instance, where the risk of political interference is too high, or where the collaboration envisaged would be inconsistent with the country's

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<sup>45</sup> Examples selected and adapted from the *World Bank-Civil Society Engagement: Review of Fiscal Years 2005 and 2006* (World Bank: Washington, DC, 2006).

<sup>46</sup> *Issues and Options Paper*, *supra* note 5 at paragraph 17.

<sup>47</sup> GP 14.70 at paragraph 3. For a more detailed history of GP 14.70 and Bank involvement with NGOs see, I. Shihata, "The World Bank and Non-Governmental Organizations," 25 *Cornell Int'l L. J.* 623 (1992).

<sup>48</sup> *Issues and Options Paper*, *supra* note 5 at paragraph 7 [emphasis in the original].

constitutional and legislative framework. However, as the *Issues and Options Paper* notes “these stipulations do not generally pose a constraint on Bank-CSO engagement.”<sup>49</sup>

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**Box 6. CSO Participation in the Project Cycle.**<sup>50</sup>

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Involvement of CSOs is increasingly supported throughout the project cycle of Bank projects, especially those supporting services related in such areas as rural poverty, health, and local development. This has included promoting participation, access to information, and accountability mechanisms. In the *Kyrgyz Republic*, CSOs participated actively in the design and implementation of a \$15 million project to alleviate poverty among the rural population, promoting rural nonfarm employment and income-generating investments. In *Bolivia*, CSO participation, using citizen report cards, improved accountability, transparency, and quality of services in Bank-financed projects. In *Cameroon*, CSOs received funding to create awareness and mobilize parents and the community to strengthen oversight and functioning of 500 school councils. In *China*, CSOs helped strengthen the implementation of safeguards in the CN-Chongqing Small Cities Development Project, monitoring and proposing ways to improve project implementation. This enabled early problem identification and reduced safeguards-related implementation delays and controversies. In *Croatia*, CSO representatives, local officials, social policy experts, social workers, and journalists participated in designing and planning the social welfare system, to include regional diversity and specific social needs of vulnerable populations. CSOs are also playing a vital role in implementing Bank-supported disaster recovery and reconstruction.

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27. GP 14.70 provides further guidance for selecting CSO partners, which is intended to ensure that selection is done “according to the specific skills and expertise required for the task at hand as it relates to the development goal being pursued.” To that end, GP 14.70 lists the following qualities to consider in selecting CSO partners:

- (a) credibility: acceptability to both stakeholders and government;
- (b) competence: relevant skills and experience, proven track record;
- (c) local knowledge;
- (d) representation: community ties, accountability to members/beneficiaries, gender sensitivity;
- (e) governance: sound internal management, transparency, financial accountability, efficiency;
- (f) legal status; and
- (g) institutional capacity: sufficient scale of operations, facilities, and equipment.<sup>51</sup>

28. ***Promoting Capacity and Enabling Environment for CSOs.*** In addition to the above guidance on involving selecting CSOs in Bank activities, there is also existing practice in promoting both the capacity of and an appropriate enabling environment for civil society. When providing *capacity-building* and *training* or *technical assistance* to CSOs, the existing good practice remains applicable. Notable in this context are the Bank’s efforts to build capacity within CSOs for implementing specific tools and methodologies that measure government performance (e.g. participatory public expenditure tracking surveys, citizen report cards, social audits and so on), which are

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<sup>49</sup> Ibid. at paragraph 17.

<sup>50</sup> Examples selected and adapted from the *World Bank-Civil Society Engagement: Review of Fiscal Years 2005 and 2006* (World Bank: Washington, DC, 2006).

<sup>51</sup> GP 14.70, at paragraph 15.

increasingly integral to the Bank's lending operations. (Box 7 provides examples.) On the topic of promoting the enabling environment for civil society, the 2005 *Issues and Options Paper* notes that:

An appropriate enabling environment for civic engagement is also key. In addition to a conducive political and economic environment, countries need legal frameworks that build up civil society and create opportunities for CSOs to engage in national development efforts, whether in service delivery, monitoring of public services, advocacy or public education. They should provide for free access to information and facilitate CSO fundraising among other priorities.<sup>52</sup>

Good practice in this context would include helping to remove barriers for CSOs to operate and contribute to national development efforts and recommending, for instance, that government regulations regarding CSOs are transparent, clearly prescribed in law and, in their design or application, do not favor any partisan political interest or impose undue barriers to entry.

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#### **Box 7. Bank CSO Capacity Building Programs**

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- The *Increasing Information, Transparency and Accountability in the Water and Sanitation Sector* program aimed to enhance the capacity of all stakeholders at the local level to improve information, transparency and accountability in the management of water service delivery. The program took place in Honduras and Nicaragua in September 2007 with the participation of local government officials, civil society representatives from water boards "juntas de agua", NGOs working in the water and sanitation sector, Transparency Commissions and expert practitioners.<sup>53</sup> Participants drafted action plans, using some of the tools presented during the capacity building phase, which were later implemented in their communities and organizations to fight corruption in the water sector.
- The *Capacity Enhancement Program on Governance in HIV/AIDS response at District and Community level in Tanzania*, and the *Africa Good Governance Program on the Radio Waves in Burkina Faso, Benin and Madagascar* are two programs aimed at enhancing the capacity at the local level to improve information, transparency and accountability in the local administration to improve service delivery (HIV/AIDS services and general local governance issues to improve service delivery). The programs are based on delivering capacity enhancement events either face-to-face as in the case of Tanzania or through radio/MP3 technology (Burkina Faso, Benin, Madagascar). The programs have involved civil society representatives, faith based organizations and people living with HIV/AIDS.<sup>54</sup>
- A recent example of a Bank project aimed at promoting CSO capacity is the *Demand for Good Governance Project* in Cambodia which has as its project development objective "to enhance the demand for good governance (DFGG) in priority reform areas by strengthening institutions, supporting partnerships, and sharing lessons. The state and non-state institutions and partnerships supported will be those that promote, mediate, respond to, or monitor to inform DFGG. The four priority reform areas, where DFGG approaches will be supported are those identified in the Governance Pillar of the CAS, i.e., private sector development, management of natural resources, public financial management, and decentralization and citizens' partnerships for better governance." In support of the DFGG project, the LICUS Trust Fund is funding the *Program to Enhance Capacities for Social Accountability* in Cambodia, which will enable citizens to promote transparency and accountability of reform programs in the country.

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<sup>52</sup> Issues and Options Paper, *supra* note 5 at paragraph 44.

<sup>53</sup> WBI organized and delivered this program in coordination with the Bank's Water and Sanitation Program. More can be learned here <http://go.worldbank.org/Q088FRM410>.

<sup>54</sup> A video of the HIV/AIDS program can be at seen: <http://www.youtube.com/watch?v=0HqeEao3tBo>.

## C. Parliaments

29. **Introduction.** Among the elements required for strengthening accountability, the GAC Strategy highlights capacity in Parliaments as well as fostering an enabling environment in which they can operate responsibly and effectively. Parliaments form a co-equal branch of government and through their legislative, oversight, constituency services and representative functions, are central to service delivery and efforts to reduce poverty in member countries, as well as efforts to promote transparency and participation, government accountability and public policy development. Parliaments should thus be approached with deference.

30. The Bank has worked with parliaments in the past, for instance, in helping to strengthen response to the PRS process or to understand better the Bank's policies and practices (especially as they relate to projects and programs the government pursues with the Bank). Engagement with parliaments on the PRS process has also helped to promote greater country ownership in the development of PRSPs and programs implemented in connection with them. The Bank has also provided non-partisan, technical capacity-building and training to parliamentarians and parliamentary staff to help fulfill their responsibilities, for instance, with regard to public accountability committees, their oversight role over government policy implementation, the budgetary process, and ensuring greater transparency in decision-making. (Box 8 provides examples.)

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### **Box 8. Examples of Bank Engagement with Parliaments and Development Results**

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After participating in the *Summer Residency for Public Accounts Committees (PACs)* organized annually by WBI and its partner institutions, the Chair of the Ghanaian Public Accounts Committee developed an Action Plan that included a commitment to holding public hearings for the first time. Consistent with the best practice outlined during the training seminar, the first ever public hearings were held in Ghana and televised. Public interest in the proceedings and public debate about them were incredibly high. The process was an example of the way in which strengthened parliamentary oversight committees can increase transparency and accountability. During the proceedings, senior officials gave conflicting evidence about expenditures on government programs and as a result approximately \$40 million of misspent funds were recovered. The Government of Ghana in turn applauded the actions of the PAC in recovering the misspent funds.

In 2008 the Kiribati House of Assembly passed a motion creating, for the first time, a PAC tasked with providing more effective parliamentary oversight over the implementation and effectiveness of the national budget of Kiribati. This reform was a direct result of Members of Parliament participating in a WBI training activity focused on *Parliament and the Budget Process* and serves as example of how constructive engagement with parliaments can yield stronger governance institutions.

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31. **Minimizing Political and Reputational Risks and Promoting Good Practice.** Support to parliaments carries various sensitivities because parliaments and legislatures are political by nature. Contacts with parliamentarians thus require careful attention, as such contacts could more easily be perceived as interference in the political processes of the country and lead to potential reputational risks for the Bank. Careful attention should be paid to ensuring that support is provided on a non-partisan basis to the parliament as an institution, and does not, either by design or in practice, alter the existing division of

power or favor particular political members or forces within the institution. Good practice, to that end, consists of the following:

1. Staff should have a firm understanding of, and respect, the political character of the member country, in particular, the relationship between the country's different branches of government, how this is circumscribed in the constitution and reflects the division of power in the country, and its country's political and historical context.
2. The focus of any activities should be on parliament as an institution.
3. Contacts with parliamentarians should be undertaken by experienced staff, with the appropriate tact and sensitivity.
4. Care should be taken to ensure that when contacts are made, they are made with a broad spectrum of the parties and groups represented in parliament, so as not to give the appearance that the Bank favors one group or the other or tries to strengthen or weaken the position of a particular group in parliament.
5. There should be support for any activity from both the executive and parliamentary leadership.
6. Parliamentary capacity building and training activities are most effective when linked to broader complementary governance or public sector reforms, and activities enjoy the ownership of, and are conducted in partnership between both the executive and parliamentary leadership (e.g. through a Memorandum of Understanding).
7. Analytic activities need to identify clearly, as early as at the concept note stage, the study's intended audience or audiences and, accordingly, how the research activities have been tailored to ensure that they do not invite any perceptions of political or partisan interference. Research results, advice and recommendations should be confined as much as possible to the specific development questions relevant to the work. Advice and recommendations, while they may be targeted to the legislature, need nonetheless to be discussed with the executive, which requires appropriate care, so that Bank staff avoid unwittingly straying into the middle of possible or pre-existing political disputes between the two.

Finally, as with work on the media, the sharing of international good practices and South-South learning are important tools which Bank staff should use to inform and facilitate country-focused analysis, dialogue and lending/non-lending assistance. Such sharing of good practices also helps in managing potential reputational and political risks from the Bank's involvement.

## ANNEX I

### Contacts for Additional Guidance on Multi-stakeholder Engagement

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ANNEX II

**“How Ongoing Operations of the World Bank Currently Engage a Broad Range of Stakeholders”<sup>55</sup>**

Major Program Area	Illustrative Areas of Bank Intervention		Examples of Bank Interventions
	Enabling Environment	Engagement with Non-Central Government Actors	
<b>Participatory prioritization of policies and public spending</b>	<ul style="list-style-type: none"> <li>- Participatory poverty reduction strategies (PRSP) as basis for Bank programs in IDA countries</li> <li>- Notice and comment on draft policy legislation</li> </ul>	<ul style="list-style-type: none"> <li>- Facilitation of PRSP processes</li> <li>- Participatory nat'l and local budgeting</li> </ul>	<p><i>Investment Operations</i> Rural Poverty Reduction Project – Rio Grande do Norte (Brazil); Third Social Action Fund (Malawi); Northern Mountains Poverty Reduction Project (Vietnam)</p> <p><i>Development Policy Lending</i> Armenia SAC IV; Laos PRSC1; Timor-Leste Consolidation Support Program Policy Grant, Vietnam PRSC (I to IV)</p>
<b>Strengthening transparency and oversight over the use of budgetary resources</b>	<ul style="list-style-type: none"> <li>- E-procurement</li> <li>- Improving quality and transparency of national budget systems</li> </ul>	<ul style="list-style-type: none"> <li>- Supreme Audit Institution capacity</li> <li>- Parliamentary Accounts Committees</li> <li>- Civil society monitoring of procurement</li> <li>- Participatory Public Expenditure Reviews</li> <li>- Expenditure Tracking Studies</li> </ul>	<p><i>Investment Operations</i> Public Procurement Reform Project (Bangladesh); Public Financial Management and Accountability Project (Cambodia); Government Financial Management and Revenue Administration Project (Indonesia); Governance and Institutional Development Project (Madagascar); Financial Reporting and Auditing I and II (Pakistan); Fiscal Federalism and Regional Fiscal Reform Project (Russia)</p> <p><i>Development Policy Lending</i> Haiti Economic Governance Reform Operation I and II; Honduras PRSC; Uganda PRSC (I to V); Tanzania PRSC (I to III); Turkey Programmatic Public Sector Development Policy Loan 1 (SAI)</p>

<sup>55</sup> Excerpted from GAC Strategy, *supra* note 3 at pp. 19-20.

<b>User participation and oversight in service provision</b>	<ul style="list-style-type: none"> <li>- Reforms to empower users (parental participation in schools, water users associations, community conservation groups)</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening capacity of user groups</li> <li>- Service delivery scorecards</li> </ul>	<i>Investment Operations</i> Andhra Pradesh District Poverty Initiatives Project (India); Initiative for Human Development Support Project (Morocco); Social Risk Mitigation Project (Turkey), Poor Rural Communities Development Project (China); Sustainable Forestry Pilot Project (Russia); <i>Development Policy Lending</i> Brazil PHDSRL I; Georgia PRSC; Peru PSRL III Ethiopia, Protection of Basic Services
<b>Strengthening participatory local governance</b>	<ul style="list-style-type: none"> <li>- Intergovernmental reforms to realign assignment of resources and responsibilities;</li> <li>- Resources for community based infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- Local government capacity, including in participatory processes</li> <li>- Facilitation of community-based decision-making on local public infrastructure priorities</li> </ul>	<i>Investment Operations</i> Community Works 2 Project (Albania); Local Governance Support Project (Bangladesh); Capacity Building for Decentralized Service Delivery (Ethiopia); Kecamatan Development Project (Indonesia); Municipal Development in Rural Areas (Mexico); Support to the Social Development Agency (Morocco); Institutional Reform and Capacity Building Project (Sierra Leone); Local Government Support Project (Tanzania); Second Local Development Project (Uganda) <i>Development Policy Lending</i> Sierra Leone ERRC III
<b>Strengthening other formal oversight institutions</b>	<ul style="list-style-type: none"> <li>- Administrative appeals</li> <li>- Participatory regulatory impact assessment</li> <li>- Publishing income &amp; asset declarations</li> </ul>	<ul style="list-style-type: none"> <li>- Judicial &amp; public defenders capacity</li> <li>- Ombudsmen</li> <li>- Parliamentary capacity development</li> </ul>	<i>Investment Operations</i> Judicial Reform Project (Guatemala); Institutional Reform and Capacity Building Project (Kenya); Legal & Judicial Implementation & Institutional Support Project (Macedonia); Judicial Reform Support Project Accountability (Philippines), Transparency, and Integrity Project (Tanzania), <i>Other</i> WBI Parliamentary Strengthening Program
<b>Other actions</b>	<ul style="list-style-type: none"> <li>- Right to information (RTI)</li> <li>- Legal framework for civil society</li> </ul>	<ul style="list-style-type: none"> <li>- Media capacity development</li> <li>- Other civil society capacity development</li> </ul>	<i>Development Policy Lending</i> Bangladesh DSC III <i>Other</i> WBI Media Program; Community Radio Initiatives; Water and Sanitation Program Strategic Communication and Dissemination for South Asia; Partnership for Transparency Fund