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Resourcing Implementation of the World Bank's 2007 Governance and Anticorruption Strategy

IEG Working Paper 2011/12



Barun Chatterjee



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Abbreviations

AAA	Analytic and Advisory Activities
AFR	Africa Region
AGI	Actionable Governance Indicators
APL	Adaptable Program Loan
ATI	Access to Information
BETF	Bank-Executed Trust Funds
BNPP	Bank-Netherlands Partnership Program
CAO	Chief Administrative Officer
CAS	Country Assistance Strategy
CEX	Executive Vice President
CFP	Concessional Finance and Global Partnerships Vice Presidency
CFRPA	Corporate Planning and Analysis Department
CGAC	Country Governance and Anticorruption
CMU	Country Management Unit
CoP	Communities of Practice
COST	Construction Sector Transparency Initiative
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organization
CSC	Community Scorecard
DEC	Development Economics Vice Presidency
DFGG	Demand for Good Governance
DfID	Department for International Development (U.K.)
DPL	Development Policy Lending
EAG	External Advisory Group
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
EITI	Extractive Industries Transparency Initiative
ESW	Economic and Sector Work
ETC	Extended-Term Consultant
EXT	External Affairs Vice Presidency
FY	Fiscal Year
GAC	Governance and Anticorruption
GFR	Grant Funding Requests
GPC	Governance Partnership Council
GPF	Governance Partnership Facility
GRM	Grant Reporting and Monitoring
HDN	Human Development Network Vice Presidency
HRS	Human Resources Vice Presidency
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
INT	Institutional Integrity Vice Presidency
ISR	Implementation Status and Results
JUST-PAL	Justice Sector Peer-Assisted Learning Network
LAC	Latin America and Caribbean Region
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa Region
MTSF	Medium-Term Strategy and Finance Board Paper
NGO	Nongovernmental organization
NRM	Natural Resource Management
OPC/OPCS	Operations Policy and Country Services Vice Presidency

OVP	Operational Vice President
PEA	Political Economy Analysis
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPP	Public-Private Partnership
PREM	Poverty Reduction and Economic Management Network Vice Presidency
PRMPS	Public Sector Governance Unit
PRSP	Poverty Reduction and Strategy Paper
RBL	Results-Based Lending
RTI	Right to Information
SAR	South Asia Region
SDN	Sustainable Development Network Vice Presidency
SMU	Sector Management Unit
SRC	Standing Review Committee
StAR	Stolen Asset Recovery Initiative
TFESSD	Trust Fund for Environmentally and Socially Sustainable Development
TTL	Task Team Leader
VPU	Vice Presidential Unit
WBG	World Bank Group
WBI	World Bank Institute
WPA	Work Program Agreement

Preface

This working paper presents the findings and conclusions of a review of the resourcing approach and related actions to implement the World Bank's 2007 Governance and Anticorruption (GAC) Strategy. It was carried out as background for the Independent Evaluation Group's (IEG) 2011 evaluation of the World Bank's country-level engagement on governance and anticorruption. The review focused on whether the resourcing approach served the objectives and priorities of the GAC strategy and its implementation.

The review was conducted by Barun Chatterjee (consultant and lead). Gathoni Macharia and Maria Méndez Cintron provided inputs. This report was prepared under the supervision of Navin Girishankar, Task Team Leader of the Governance and Anticorruption evaluation, and the overall guidance of Cheryl Gray and Ali Khadr.

The authors are grateful for comments received from members of the IEG GAC Evaluation team and Bank staff working on resource management issues. Barbara Balaj and William Hurlbut provided editorial support and Aimeé Niane provided administrative support.

The findings, interpretations and conclusions expressed in this paper are entirely those of the authors and do not represent the views of the World Bank, its Executive Directors, or the countries they represent.

Summary

1. As part of the Independent Evaluation Group's (IEG) evaluation of the World Bank's 2007 Governance and Anticorruption (GAC) strategy and implementation plan, a review of the resourcing approach and related actions taken to implement the strategy was performed. The scope, approach and criteria used for the review are in line with the IEG Approach Paper of May 2010 for the evaluation. This working paper sets out the findings and conclusions of the review.

2. The Bank has a long history of engagement in anticorruption, extending over two decades before the 2007 GAC Strategy. Some recent indicators of this continuous involvement are:

- The Bank's governance activities in fiscal year (FY) 1998-2000 included numerous operations in all Regions covering governance-related lending, economic and sector work (ESW) and technical assistance on institutional reform, and Country Assistance Strategies (CASs) with a strong governance focus.
- Following the Bank's earlier anticorruption strategy that was launched in 1997, and the 2000 strategy paper "Reforming Public Institutions and Strengthening Governance,"¹ a 2004 Operations Evaluation Department (OED-previous name of IEG) desk review (Mainstreaming Anticorruption Activities in World Bank Assistance: A Review of Progress since 1997) concluded that the Bank had achieved a lot of progress, with "corruption concerns increasingly integrated into operational activities and internal processes."
- From FY04 through FY06, the annual Bank budget spending on governance work ranged from \$140 million to \$147 million.

3. The 2007 strategy called for scaled-up engagement in GAC based on a decade of lessons learned. The main thrusts of the strategy were to: (i) enhance and integrate GAC measures in the full range of World Bank Group (WBG) operations, working at the country, sector/project and global levels; (ii) broaden and deepen the existing GAC programs that had a track record of success; and (iii) prevent opportunities for corruption in Bank-financed operations through improved project design and other measures such as strengthened monitoring and supervision.

4. Among the seven guiding principles of the 2007 strategy were the following: the WBG will adopt a consistent approach toward operational decisions across countries, anchored in national strategies and supported by Country Assistance Strategies (CASs), with no change in the performance-based allocation system for International Development

¹ The 2000 strategy paper delineated four strategic changes for the future, based on the lessons of experience: (i) promoting demand for accountable, responsive, and effective public sectors; (ii) working with clients to understand institutional and political realities and their implications for reform; (iii) focusing more of Bank lending on long-term systemic institution-building; and (iv) putting in place the skills and incentives needed for staff to focus on the institutional dimensions of reform.

Association (IDA) countries or in the International Bank for Reconstruction and Development (IBRD) resource allocation system. A systematic approach to tailoring CASs, with careful upstream attention to GAC challenges, would be the basis for ensuring a consistent approach across countries. To prevent opportunities for corruption in Bank-financed projects, a range of upstream risk mitigation actions were planned. The strategy also aimed at harmonizing WBG initiatives on GAC with other multilateral donors.

5. The strategy paper noted that the WBG had been “actively engaged” for at least the past decade in each of the areas of action at the country level as outlined in the strategy. Further, the implementation plan pointed out that many country teams were already incorporating the GAC dimensions of development into CASs, and implementing those CASs so that GAC interventions supported greater development effectiveness. The implementation plan also noted that incorporating mitigation measures upstream in projects was “not new for the WBG.”

6. The strategy paper and implementation plan listed a large number of implementation activities. But there was no attempt made, given the Bank’s continuous GAC work, to clearly identify: (i) a starting point or baseline of activities that pre-dated the strategy and which would continue to be funded by the existing large Bank budgetary spending on governance work; and (ii) a prioritized set of incremental activities that required funding through additional Bank budget or trust funds. The strategy paper did not indicate any priority activities for financing; it also did not mention the Bank budget as a source of funding and emphasized non-traditional funding mechanisms (external sources of funding) in general terms for work at the country level.

7. The rationale for this emphasis was that the Bank would pursue its agenda through partnerships with other donors that had actively engaged with civil society and media, and trust funds had a “special salience” in this area. The implementation plan, on the other hand, focused on the expected Bank budget increment for FY08 and the immediate priority needs in that year; beyond these immediate needs, it did not specify the future priorities or timeframe for resource allocation but anticipated that incremental support would have to rise above the initial FY08 level. The One-Year and Second-Year Progress Reports on GAC strategy implementation laid out some work program priorities for the second and third years of implementation, but no attempt was made to indicate the source of funding, that is, the pre-2007 base spending on GAC work, incremental Bank budget for GAC, or the donor-funded Governance Partnership Facility (GPF).

8. It should be noted that when the implementation plan was prepared, the GPF was not yet established. The GPF was created in 2008 and designed as an earmarked trust fund – allocated through a competitive process – to enable the Bank to accelerate implementation of its GAC strategy. The competitive GPF grant approval process differed from those of other major Bank-Executed Trust Funds (BETF), in that donor representatives were directly involved in the competitive selection of grant proposals through their joint participation in a committee with Bank staff.

9. There were two issues at the outset concerning the resourcing approach outlined above:

- Strategy implementation was planned to be financed through earmarked funds over a 5-year period (FY08-12), although there was no clear demarcation or prioritization of incremental activities that required additional funding.
- Potentially, the competitive process used to allocate GPF funds created a tension with the GAC strategy goal of following a more systematic approach at the country and project levels and the principle of consistency in operational decisions across countries.

10. This review examined whether the above earmarked funding approach was best suited to the GAC strategy objectives of mainstreaming GAC work across the Bank in line with the guiding principles of the strategy and creating stronger incentives for GAC work. We also assessed whether the implementation would have benefited from an alternative, more strategic approach to resourcing that would strengthen financial management – by enabling greater transparency, accountability and predictability of resources, through: (i) top-managed redirection (as needed) of the large base Bank budget spent on governance that existed in FY07 and earlier years; and (ii) integrated planning and monitoring of Bank budgetary and GPF spending.

11. The principal findings of our review include:

- a. Over FY08-10 (the first 3 years of GAC strategy implementation), the Regions received almost \$21 million of incremental Bank budget for GAC work. Taking into account this additional budget, the Regions decreased their overall spending on governance work by a total of nearly \$10 million, in effect shifting about \$10 million to other areas. As the Regions account for 80 percent of the Bank budget spending on governance, this trend shows that the incremental budget did not create incentives to increase Vice Presidential Units' (VPU) spending for governance. On the other hand, the budget shifts away from governance may indicate Regional efforts to address other priorities in a flat real-budget environment. The availability of GPF funds from FY09 could have contributed to the shift.
- b. A key operational strategy (aimed to “change how the Bank does business”) is being implemented without a clearly articulated institutional plan to align the large base of Bank budget spending of \$152 million (in FY07) as needed with the strategy. Incremental Bank budgetary funding was planned until FY11. There is no certainty that GPF resources will continue to be available beyond the current funding arrangement with donors, which will enable GPF-financed projects to be completed by FY12. The unpredictability of funding beyond FY11-12 is inconsistent with the Bank’s decision to include strengthening governance as one of its post-crisis priorities.
- c. In addition to the incremental Bank budget, the GPF was intended to jumpstart changes in the way the Bank engaged on GAC issues. Among the major BETFs, the GPF was unique in that it was explicitly dedicated to implementation of a Bank-wide strategy, more or less in line with the timetable for Phase 1.

- d. The GPF was complex in design as it channeled funds through multiple windows. Window 1 focused on the country level, Window 2 on frontier GAC areas at the country level, and Window 3 on global/regional knowledge and learning programs, although eligible activities across the windows were difficult to distinguish from each other. As of December 2010, the GPF had approved 94 grants, totaling \$65 million. Poverty Reduction and Economic Management (PREM) units in the Network Anchor and three Regions (Africa (AFR), Europe and Central Asia (ECA) and South Asia (SAR)) received 47 out of 94 GPF grants and \$31 million out of the \$65 million allocated.
- e. There was no evident pattern in the distribution of the GPF grants across countries. For example, GPF grants were not systematically awarded to countries with better or worse governance performance (as measured by the governance cluster of the Country Policy and Institutional Assessment (CPIA)). GPF grants also did not focus on increasing initial funding provided for (Country Governance and Anticorruption (CGAC)) processes in 27 countries. Only 15 of the original CGAC countries received financing from one of the windows.
- f. The majority of approved GPF grants supported operational activities under the GAC-in-countries pillar, and to a lesser extent, the GAC-in-sectors pillar. Only a few grants were linked to GAC-in-projects, even though some of these types of activities were supported through the country-focused grants. Only one grant was explicitly linked to global initiatives. Seventy percent of the grants had entry points relating to the public sector, and just over a third had demand side and civil society as entry points.
- g. In terms of the GAC-responsiveness of the approved proposals for GPF funding:
 - o Seventy percent of the grants proposed outputs related to country institutional strengthening, and about one-half contained outputs relating to smarter project design.
 - o About one-third of the grants had at least one expected output focused on improving the Bank's signaling of risks (for instance, through portfolio and transaction-level risk reviews or monitoring of actionable indicators), and even fewer grants were focused on enhancing the Bank's capacity to exercise selectivity by identifying GAC entry points.
- h. Grant Funding Requests (GFRs) did not require mainstreaming plans to be discussed, but the proposals under Windows 1 and 2 addressed the requirement to explain how they would contribute a GAC-specific dimension to Bank operational products in the country.
- i. With regard to the monitoring and financial management of GPF grants:
 - o Timeframes for project completion stated in the GFRs are mostly in 2011 and 2012, and therefore the progress to date (reported in monitoring reports as of

April 2010) does not provide firm indication that the planned outputs and expected outcomes will be achieved upon completion.

- The majority of GFRs included specific indicators of expected outcomes and planned outputs that could be monitored. While Bank budgetary funding to complement GPF grants was significant, there is no assurance of continued funding over the balance of the project completion periods that will end in 2011 or 2012.
 - Only twenty-five percent of the projects had staff costs of 25 percent or more of the estimated total costs, thus raising no concerns about financing such costs out of temporary grant funds.
 - Project risks were adequately identified and assessed in nearly all of the sample GFRs reviewed, and the mitigation actions proposed were practical in the circumstances outlined in the GFR.
 - The cost-effectiveness of use of GPF funds was unclear, because unlike Bank budget-funded products that have unit cost norms established over the past several years, the GPF grant-funded outputs do not have similar historical unit cost data. Although a number of GPF grants were for \$500,000 or more, we found no evidence that the GFR cost estimates had been scrutinized by the Chief Administrative Officers (CAO) of the VPUs submitting the proposals.
 - The GPF Secretariat is responsible for monitoring and reporting progress on GPF-funded projects. Individual task team leaders are accountable to the GPF Council through the GPF Secretariat for the effective use of GPF funds allocated to achieve the planned outputs and outcomes.
- j. Accountability for effective use of incremental Bank budgetary and GPF funds is diffuse for several reasons. First, there is no systematic tracking of outputs resulting from activities funded by incremental Bank budgetary resources at the institutional or regional level. As a result, the information available on GAC activities funded by incremental Bank budgetary resources was piecemeal and not up-to-date. Second, the GAC Governance Council, responsible for oversight and monitoring of GAC implementation at the institutional level, acts primarily as an information-sharing forum rather than as a decision-making body of senior management. Third, at the Regional level, although the ECA GAC Steering Committee was active in performing its oversight function, information on the work of the steering groups of the other Regions was not available to the same extent. Finally, the allocation of GPF funds and task team leaders' accountability for their use are outside of the institutional and regional Bank budget management processes.
- k. On staffing and learning:
- Actual GAC staffing funded by the incremental Bank budget and the distribution of these staff between Washington and Country Offices were

quite close to the FY09 GAC strategic staffing plans for the four Regions (AFR, ECA, Middle East and North Africa (MENA) and SAR) reviewed.

- The number of redeployed and new positions for GAC work provides only a partial picture of Bank-wide staff time spent on GAC work. A true picture would only emerge if GAC work is defined and staff time spent is captured in the time-recording system across all operational activities funded by the Bank budget, reimbursables and Bank-executed trust funds.
- Regarding sources of funding for GAC staffing, we found no significant issue regarding sustainability of funding for GAC staff costs in the event the GPF is terminated.
- Development of a competency framework for public sector and governance specialists (as part of a Bank-wide exercise) is under way and is expected to be completed in early 2011. However, substantive differences between the competencies being developed and the skill-sets currently required to perform governance work are unclear.
- Skills enhancement for GAC work has received significant and sustained management attention, as evidenced by the implementation plan, the two GAC progress reports and the regional implementation plans and learning approaches.

12. The main conclusions from our review are:

- a. Although the GAC strategy was considered critical for the development effectiveness of the Bank's operational activities, the Bank did not plan to redirect its FY07 base Bank budgetary spending of \$152 million as needed on governance work in line with the strategy. Instead, the funding of the strategy involved decisions on resourcing its implementation at the margin. This marginal approach – the allocation of earmarked incremental funds – did not create incentives for the Regions to increase their spending on governance to the extent anticipated.
- b. The Bank placed heavy reliance on greater availability of external funds to provide seed funding for a major operational strategy. However, it is not clear why VPUs could not find adequate Bank budgetary funds to deploy for implementing the GAC strategy.
- c. An incremental resourcing approach is not consistent with a strategic change initiative such as GAC because in the long-term, earmarked funding (incremental Bank budget and GPF) with a defined time horizon does not provide the necessary predictability for implementing a strategy that primarily involves mainstreaming.
- d. In the likely flat real budget growth scenario over the next several years, it is imperative for the Bank to develop a plan as to how its own substantial budgetary resources can be deployed to implement the GAC strategy. This is important as the expiry date of the GPF is approaching.

- e. As part of a medium-term GAC resourcing plan, it is necessary for the Bank to prioritize the areas of strategy implementation – taking into account client needs and demand – that require funding through redeployment of existing budgets over this period. Essentially, a top-down approach directed by senior management is needed to redeploy the large base of Bank budgetary spending, as needed, in line with the identified priorities for strategy implementation.
- f. The logic of implementing a core Bank strategy through competitive allocation of GPF funds – outside of the Bank’s Bank budgetary allocation process – is questionable as it provides limited assurance (compared with the Bank budget) of prioritization of funding and accountability for use of funds. In case GPF funding becomes available for GAC Phase 2, the planning, allocation, monitoring and reporting for GPF (as well as for other Bank-executed trust funds) could be strengthened through integration with the Bank budgetary process. The integration would reduce the risk of suboptimal use of resources and enhance prioritization and transparency of GPF funding in response to the VPU-specific priorities. It would also provide greater predictability of resources over the medium-term, and stronger accountability for the VPUs to spend the total available resources (Bank budgetary and GPF) in a cost-effective manner.
- g. A stronger oversight and decision-making function at the institutional level would improve strategic planning, direction, and accountability for GAC strategy implementation. The GAC Governance Council functions effectively as an information-sharing forum on Bank-wide GAC issues. However, its current large size as well as the large number of non-members attending its meetings, make it a group that is not best suited to be a decision-making body.
- h. The Bank would benefit from robust monitoring at the institutional and VPU levels of resource use for its corporate strategic priorities, such as GAC work. With regard to GAC, such a monitoring system would require: (i) a consistent organizational structure for monitoring by VPUs; (ii) definition of ‘GAC work,’ and; (iii) systematic tracking of spending, staff time and deliverables for GAC work covered by the various funding sources (Bank budgetary resources and GPF).
- i. The cost-effectiveness of GAC learning programs – whether funded by Bank budgetary resources or trust funds – should be emphasized. As with all learning programs operated by the Bank, as well as by other institutions, it is important to focus on the results and cost-effectiveness of the GAC learning programs being developed and managed by the Poverty Reduction and Economic Management (PREM) Network and other VPUs. This requires attention to the following aspects:
 - Coordination of centralized and decentralized learning, picking up on best practices for cost-effectiveness, including attention to demand and skill requirements reemerging from the new competencies.
 - Rigorous cost-benefit justification to be required of new websites, databases and platforms, and continuation of existing websites following the GAC Portal becoming operational.
 - Greater use of on-line delivery methods to reach staff in the field.

1. Introduction

Purpose of Working Paper

1.1 As part of the IEG evaluation of the World Bank's 2007 GAC strategy and its implementation plan, a review of the resourcing approach and related actions taken to implement the strategy was performed. The scope, approach and criteria used for the review are in line with the IEG Approach Paper of May 2010 for the evaluation. This paper sets out the findings and conclusions of the review.

Bank's History of Anticorruption Work

1.2 The Bank has a long history of engagement in anticorruption. Engagement with client countries has been through governance-related lending, economic and sector work on corruption, grant-funded technical assistance to reduce corruption, and in-country workshops and surveys on corruption. Below are several indicators of this continuous engagement which cover the decade before the 2007 strategy:

- The Bank's Public Sector Governance website stated that in FY98, spending on public sector institution building comprised about 23 percent of the total cost of all projects funded in whole or in part by Bank lending.
- The Public Sector Governance website also listed (*A Partial Inventory of the Bank's Governance and Institutional Reform Programs, FY98, FY99 and FY00 (1st half): Countries with Programs to Strengthen Governance*) numerous operations in all Regions covering governance-related lending (for example, for institutional development and civil service reform). It also included ESW on development of good governance and anticorruption action plans, and CASs with strong governance focus, as well as grant-funded technical assistance for supporting governments' initiatives in such areas as institutional reform, public procurement, financial accountability and anticorruption.
- The *2006 Development Policy Lending Retrospective* found that in FY05-06, the share of Public Sector Governance in the thematic distribution of conditions for policy-based operations was 33 percent for IBRD and 55 percent for IDA.
- IEG's 2008 evaluation of Bank support for public sector reform found that the Bank had devoted an increasing share (one-sixth in 2008) of its lending and advisory support to the reform of central governments, and that almost all countries received some Analytic and Advisory Activities (AAA) support on public sector issues over 1999-2006.
- IEG's 2006 Evaluation Brief on GAC ('Ways to Enhance the World Bank's Impact') concluded that the Bank had made significant efforts since the mid-1990s to highlight the harmful effects of corruption on development and had developed a number of mechanisms to help countries improve governance and fight corruption, although

progress on outcomes had been slow. It concluded that improving governance was a complex, long-term process.

- Following the Bank's earlier anticorruption strategy that was launched in 1997, and the 2000 strategy paper on *'Reforming Public Institutions and Strengthening Governance'*² a 2004 OED desk review of all Bank initiatives to mainstream anticorruption concerns in its work concluded that the Bank had made progress, with "corruption concerns increasingly integrated into operational activities and internal processes."
- The PREM Network, set up as part of the 1997 Reorganization, includes the Public Sector Group (PREMPS), which manages five thematic groups: Administrative and Civil Service Reform; Anticorruption; Decentralization and Sub-national and Regional Administration; Law and Justice Institutions; and Public Finance.
- From FY04 through FY06, Bank budgetary spending annually on governance work ranged from \$140 million to \$147 million. Additionally, resources from Bank-executed trust funds spent on governance work totaled \$25-35 million per year.

1.3 Thus, as the 2007 GAC strategy paper noted, "GAC has been on the WBG's agenda since James Wolfensohn's 'cancer of corruption' speech at the 1996 WBG-International Monetary Fund (IMF) Annual Meetings."³

² The four strategic changes delineated in the 2000 strategy paper were: (i) promoting demand for accountable, responsive, and effective public sectors; (ii) working with clients to understand institutional and political realities and their implications for reform; (iii) focusing more of Bank lending on long-term systemic institution-building; and (iv) putting in place the skills and incentives needed for staff to focus on the institutional dimensions of reform.

³ The paper cited the following documents (Executive Summary, para. 7): 1997 paper, *Helping Countries Combat Corruption: The Role of the World Bank*; the 1997 World Development Report, *The State in a Changing World*; and the 2000 Bank strategy paper.

2. The 2007 Strategy and Implementation Plan

Principal Elements of the 2007 Governance and Anticorruption Strategy and Implementation Plan

2.1 The 2007 GAC strategy called for scaled-up engagement based on a decade of lessons learned. The strategy defined governance and corruption as follows (para. 4): “Governance refers to the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide public goods and services. Corruption is one outcome of poor governance, involving the abuse of public office for private gain.” The WBG strategy for GAC was stated in the paper as follows (para. 11): “to help developing country governments, in light of their distinct national challenges, to identify their own priorities for improving governance and to articulate and implement programs responding to those priorities, in a manner that is effective and sustainable over the long term.” The main thrusts of the strategy were to: (i) enhance and integrate GAC measures in the full range of WBG operations, through working at the country, sector/project and global levels; (ii) broaden and deepen the existing GAC programs that had a track record of success; and (iii) prevent opportunities for corruption in Bank-financed operations, through improved project design and other measures such as strengthened monitoring and supervision.

2.2 Some of the guiding principles of the strategy, and the range of Bank interventions envisaged in line with the principles, are important for our review of the resourcing decisions taken to finance the strategy implementation. They are summarized as follows.

- **Guiding principles:** Among the seven guiding principles were the following five:
 - The country has primary responsibility for improving governance, and the WBG is committed to supporting the country’s own priorities.
 - The WBG will adopt a consistent approach toward operational decisions across countries, anchored in national strategies, supported by CASs, with no change in the performance-based allocation system for IDA countries or in the IBRD resource allocation system.
 - The WBG will scale-up existing good practice in engaging with multiple stakeholders in countries in its operational work.
 - The WBG will strive to strengthen, rather than bypass, country systems.
 - The WBG will work with donors, international institutions, and other actors at the country and global levels, to ensure a harmonized approach based on respective mandates and comparative advantage.

- **Actions at the country level:** A systematic approach to tailoring CASs, with careful upstream attention to GAC challenges, would be the basis for ensuring a consistent approach across countries. Specifically, in countries where governance and corruption challenges posed important obstacles for development, explicit consideration, underpinned by improved diagnostic work, would be given in the CASs to the potential risks for development and Bank-funded operations, adequacy of the government’s program for addressing these problems, and the ways in which

private sector engagement and domestic accountability mechanisms could be used to support and strengthen the program's implementation and governance outcomes (Strategy paper, para. 19). The scope, sequencing, and speed of GAC reforms were to be tailored to the country context and the government's program. The range of 'entry points' for Bank interventions included: (i) helping strengthen state capability and accountability; (ii) supporting broader participation and oversight by civil society, media and communities; (iii) supporting the development of a competitive and responsible private sector; and (iv) helping strengthen governance in the financial sector. Importantly, the strategy paper noted (para. 19): "The WBG has been actively engaged in each of these areas for at least the past decade."

- **Actions at the project level:** To prevent opportunities for corruption in Bank-financed projects, a range of upstream risk mitigation actions were planned, including: helping countries to strengthen country systems; incorporating GAC objectives in sectoral programs; working with governments to identify risky operations and preparing anticorruption plans as part of high-risk operations; integration of anticorruption approaches into the early stages of project design; regular risk reviews of project pipeline and lending portfolio to identify areas needing attention, particularly during supervision; and establishing anticorruption teams, particularly in the field (Strategy paper, paras. 40-47).
- **Actions at the global level:** The strategy aimed to strengthen the WBG's bilateral and multilateral partnerships in accordance with the Paris Declaration, with a view to: harmonizing GAC initiatives with other multilateral donors; promoting coordinated donor action in countries where GAC challenges posed serious obstacles to development; intensifying support for multi-stakeholder engagement; and supporting global and regional legal conventions with a special emphasis on asset recovery (Strategy paper, Executive Summary, para. 20).

2.3 As stated in the strategy paper, the implementation plan outlined some specific initiatives to operationalize the strategy. The September 2007 implementation plan outlined the following WBG actions at the country and project levels for the first 12 months (paras. 8-19); the actions planned at the global level were the same as those envisaged in the strategy paper.

- **Country level:** WBG country teams would: (a) better incorporate the GAC dimensions of development into CASs; and (b) implement CASs so that GAC interventions could support greater development effectiveness. It was noted in the plan that many country teams were already doing this as part of country poverty reduction strategies and Poverty Reduction and Strategy Papers (PRSPs). The plan called for deepening, systematizing and mainstreaming such approaches to a wider group of countries in response to their demands. The country-level process (labeled 'CGAC process') for strengthening WBG engagement on GAC "would inform the CAS in a fundamental way."
- **Project level:** An increasing number of projects would incorporate development of strong country systems; a reduction of opportunities for corruption by streamlining

excessive regulation or approval processes; and demand-side initiatives. The plan also highlighted the then ongoing review of WBG policies and procedures to reflect good-practice GAC approaches aimed at identifying the GAC risks and drivers at an early stage in order to focus mitigation efforts. It was noted that incorporating mitigation measures upstream in projects (termed ‘smart’ project design) was “not new for the WBG.”

Resourcing Priorities in the Governance and Anticorruption Strategy and Implementation Plan

2.4 The GAC strategy paper and the implementation plan did not clarify the incremental activities that represented priorities for additional funding. The strategy paper noted that the “strategy implies a change in how the WBG does business,” including: providing managers and staff incentives for proactive engagement on governance issues; addressing staffing, skills and resource needs; and developing a stronger results framework. However, as noted earlier, the Bank had been engaged in GAC work for many years prior to 2007, and the strategy paper and implementation plan made references to this work. Reflecting this fact, the implementation plan noted the activities that would be carried out at the country and project levels to mainstream the ongoing GAC work – taking into account the lessons of experience – to more countries and more projects.

2.5 Although the two papers listed a large number of activities that would be undertaken to implement the strategy, there was no attempt made to clearly identify: (i) a starting point or baseline of activities that pre-existed the strategy which would continue to be funded by the existing large Bank budgetary spending on governance work; and (ii) a prioritized set of incremental activities that required funding through additional Bank budgetary resources or trust funds.

2.6 The strategy paper emphasized external sources of funding whereas the implementation plan focused on incremental Bank budgetary resources. For the GAC work at the country level, which formed the centerpiece of the strategy, the strategy paper emphasized the importance of trust funds: “At the country level, the Bank will continue to pursue this agenda in partnership with other donors that have traditionally engaged actively with civil society and media, and will work to strengthen these partnerships. Because the Bank’s traditional financing instruments are geared to work with the executive, non-traditional funding mechanisms have a special salience in this area” (Strategy paper, Annex B, para. 15). In this context, the strategy paper referred to financing provided by the Japan Social Development Fund, the Bank-Netherlands Partnership Program, the Norwegian Governance Trust Fund, and the Trust Fund for Environmentally and Socially Sustainable Development.

2.7 Unlike the strategy paper, there was no reference in the implementation plan to the use of funds from external sources. It should be noted that when the Plan was prepared, the GPF was not yet established. The plan focused on additional Bank budgetary funding (mid-year increment of \$14.8 million to VPU’s budgets) that was expected to be made available

for FY08;⁴ but it did not specify the priorities or timeframe for resource allocation beyond the immediate needs in FY08. It was noted in the Plan: “An Implementation Plan for a sound, well-accepted strategy will achieve little without the right approach to staffing and resources.” Regarding *staffing*, the plan noted that unsatisfied demand already existed or increased activities already could be anticipated in some areas, for example, public finance management, fiduciary systems, governance diagnostics, judicial reform, and social accountability mechanisms; incremental staffing would therefore be needed in such areas.

2.8 However, on the subject of *resources*, there was no clarification in the plan of what was meant by the “right approach to resources,” other than stating that the FY08 incremental Bank budgetary funding would support CGAC processes, critical staffing needs for country and sector governance expertise, and more active participation in a range of global initiatives such as the Stolen Asset Recovery Initiative (StAR). The implementation plan also noted (paras. 20 and 22): “It can be anticipated that incremental support will have to rise beyond this level, but this would depend on the initial results, patterns of demand, and lessons of initial experience.”⁵ The One-Year and Second-Year Progress Reports laid out some work program priorities for the second and third years of implementation, but no attempt was made to indicate the source of funding, that is, the pre-2007 base spending on GAC work, incremental Bank budgetary resources for GAC, or the GPF.⁶

2.9 The GPF was designed as an earmarked trust fund – allocated through a competitive process – to enable the Bank to accelerate implementation of its GAC strategy. The GPF was set up in the third quarter of 2008. The GPF Program Document noted that working through the Bank’s existing GAC mechanisms, such as the country-level GAC implementation process (CGAC), the GPF was intended to support the GAC strategy in three main focus areas:

- Innovative, country-level governance programs
- Frontier areas of governance through single or multi-country and global initiatives
- Global GAC learning and knowledge platforms.

2.10 Four windows were created within the GPF to finance programs that aimed to achieve its objectives. Three of the windows were focused on funding primarily Bank-executed activities through a competitive application and selection process: Window 1 on the country level; Window 2 on frontier GAC areas at the country level; and Window 3 on global/regional knowledge and learning programs.⁷ Given its aim to create new incentives,

⁴ The actual FY08 midyear Bank budget increment was \$9.8 million.

⁵ The Plan also noted that the additional budget provided was “a strong incentive” for staff (para. 24).

⁶ For example, the One-Year Progress Report highlighted two “challenges” for Year 2: effective implementation of the pilot procurement program; and balancing continuing experimentation and learning, to sustain staff enthusiasm for the GAC agenda. The Second-Year Progress Report listed a number of priorities for Year 3 regarding GAC strategy implementation at the country, sector, project and global levels, as well as organizational and human resources actions.

⁷ A fourth window was meant for grants to external entities, such as non-governmental organizations (NGOs), for undertaking recipient-executed activities that mainly support demand for good governance. Window 4 was not opened to independent requests for funding from non-Bank entities; instead, proposals for funding civil

the GPF was to finance: (i) a portion of Bank staff and operating costs for implementation of CGAC business plans in selected countries; (ii) up to 100 percent of Bank staff and related costs of frontier work; and (iii) the cost of learning and research on governance that is shared with developing countries and donor partners. The timeframe for GPF disbursements was fixed as FY09-12, with the final commitments anticipated at the end of FY10. Appendix B provides further details regarding the GPF structure and administrative arrangements.

2.11 Strategy implementation was planned to be financed through earmarked funds over FY08-12, although there was no clear demarcation or prioritization of incremental activities that required additional funding. The earmarked funds comprised incremental Bank budgetary resources of \$54 million over FY08-11 and GPF funds of \$65 million over FY09-12. Although the incremental annual Bank budgetary amount of \$16 million was mainstreamed from FY09 onwards, (that is, it was no longer allocated as a top-up of VPU's pre-FY08 base budgets), the Board papers on the FY09 and FY10 budgets stated five "key areas" requiring additional funding: GAC in countries, GAC in projects, GAC in sectors, governance diagnostics and governance indicators. The GPF funds remained explicitly earmarked and were allocated through competitive selection in three rounds, the last implemented in January 2010. However, given the Bank's long history of engagement in GAC work predating the 2007 Strategy, the strategy paper and implementation plan lacked adequate clarity on the *priority incremental* GAC work that required additional funding through Bank budgetary resources and the GPF over the next 3-5 years.

2.12 Potentially, the competitive process used to allocate GPF funds created a tension with the GAC strategy goal of following a more systematic approach at the country and project levels and the principle of consistency in operational decisions across countries. The GPF grant award process essentially involved resource allocation on the basis of performance goals and targets of the funded projects, as stated in the Grant Funding Requests (GFRs). At this time, it is too early to assess if these goals and targets will be achieved at project completion. However, using the information in the GFRs, we reviewed whether the GPF process resulted in resource allocation to projects that were aligned with and responsive to the GAC strategy in terms of a systematic approach and consistency across countries. A broader issue is whether the GPF allocation process should have been designed to emphasize expected performance without taking into account the needs of countries for GAC efforts.

2.13 Regarding the issue of country need for GAC efforts, one of the principles of the GAC strategy was for the WBG to stay engaged even in the most poorly-governed countries. In this regard, we have discussed the finding that the sampled GPF grants were not systematically awarded to countries with better or worse governance performance (as measured by the governance cluster of the CPIA). The related issue of whether the GAC strategy should have taken the approach of defining a minimum level of GAC work (and, therefore, resource allocation) in all countries is considered to be an operational matter that is beyond the scope of this working paper.

society engagement through the window were to be included in applications and reviewed as part of the approval process for the other three windows.

3. Focus of This Review

Review Focus and Questions Addressed

3.1 This review focused on whether the resourcing approach served the objectives and priorities of the GAC strategy and its implementation. Specifically, we reviewed whether the earmarked funds enabled: (i) scaling up the Bank's GAC work, in line with the strategy principles; and (ii) supporting innovative, country-level governance programs, frontier areas of governance, and global GAC learning and knowledge platforms. Our review was informed by IEG's perspective on the issues discussed at the September 2010 Cape Town Workshop on GPF Window 1 and the key messages from the workshop (see Box 3.1). The review also assessed whether the implementation would have benefited from an alternative, more strategic approach to resourcing that would have strengthened financial management. This could have been achieved through enabling greater transparency, accountability and predictability of resources to: (i) top-managed redirection (as needed) of the large base Bank budgetary spending on governance that existed in FY07 and earlier years; and (ii) integrated planning and monitoring of Bank budgetary resources and GPF spending.

3.2 We addressed the following questions in our review:

- a. Did the seed funds provided by the incremental Bank budget: (i) finance activities that met the priorities of the GAC strategy and the Bank-wide and Regional implementation plans; and (ii) lead to an increase in the overall Bank budgetary funds deployed for GAC work?
- b. Is there adequate tracking of Bank budgetary funds used for GAC work?
- c. Did the competitive GPF selection process result in the funding of activities that are aligned with and responsive to the GAC strategy and the Bank-wide and Regional implementation plans?
- d. Did the approved proposals for GPF funding provide evidence of good quality of planning, such as: alignment with CASs; complementary Bank budgetary funding; cost-effective use of funds; and monitorable indicators of expected outcomes and planned outputs?
- e. Did the resourcing approach result in transparency, accountability and predictability of resource flows?
- f. Were effective structures put in place for monitoring implementation and outputs at the corporate and Regional levels?
- g. Were the plans and actions taken on staffing of GAC work and strengthening the GAC skills of staff responsive to the objectives of the GAC strategy and identified needs?

3.3 This paper sets out the analysis and findings of our review in the following sections:

- Trends in Bank-wide spending on governance – Bank budgetary resources and other funding sources
- Bank budgetary resources – incremental allocation for GAC work and impact on Regional spending
- GPF resources – overview of allocation of funds

- GAC-responsiveness of activities funded by GPF
- Oversight and monitoring of GAC implementation
- Plans and actions for GAC staffing and skills development

**Box 3.1. September 2010 Cape Town Workshop on GPF Window 1
IEG Perspective on Issues Discussed and Key Messages**

Clients and GAC: Virtually all of the presentations made by country teams on work funded with GPF grants indicated that analytical work had been carried out by Bank consultants and staff with limited, if any, involvement of clients. Several staff reported that clients were not aware of the GAC initiative. One of the workshop conclusions was that although Phase 1 of GAC had intentionally focused on changing Bank perceptions of GAC issues, Phase 2 must focus more on involving clients.

Mainstreaming GAC Principles: The prevailing view of most participants (the great majority of whom are mapped to PREM), and notably of participating managers, seemed to be that the main objective of Phase 1 has been a sort of consciousness-raising exercise within the Bank itself. Several country teams did give concrete evidence of GPF-funded analytical work assisting them to selectively identify new entry points in challenging environments. But there was very little discussion of other GAC principles. For instance, although there was general agreement that focusing on “gold standard” fiduciary arrangements for Bank-funded projects is not developmentally effective, there was almost no discussion of how GAC can effectively help to improve country systems. There seemed to be broad consensus that the new (and long-awaited) Results-Based Lending instrument will be effective in promoting GAC principles, and that utilization of this instrument will allow the Bank to refocus its fiduciary efforts away from transactions to country system building. Further, there were few if any participants from countries that did not receive significant Window 1 support. Therefore, it may be difficult to maintain the assertions made at the workshop that the GAC is now “mainstreamed” in the Bank.

Focus of Phase 1: There was general agreement that the Phase 1 focus on a limited number of pilot countries was an appropriate strategy, but that in Phase 2 support at both the country and sectoral levels must be much broader for real mainstreaming to take hold. However, this consensus seemed to be conditioned somewhat by the view that fewer, larger operations are called for especially in a flat-Bank budgetary environment. The implicit hypothesis seemed to be that GAC can be most effectively mainstreamed through large, serial Development Policy Lending (DPL) and/or Results-Based Lending (RBL) operations predicated on client buy-in. However, no real evidence from Phase 1 was presented to support this hypothesis.

GAC and Lending: Several country teams gave explicit examples of GPF-financed analytical work having an impact on lending. One team stated explicitly that their RVP allows them to reject pipeline projects if governance filters indicate risks are too high. However, there was no systematic evidence that lending is being significantly conditioned by GPF-funded analytical work.

Source: IEG representative at Cape Town Workshop.

4. Bank Spending on Governance

Trends in Bank-wide Spending on Governance – Bank Budgetary Resources and Other Funding Sources

4.1 Bank budgetary spending on governance, as well as spending from other sources, has increased steadily over the period FY04 to FY10. The trend in aggregate funding of the Bank’s governance work from Bank budgetary resources and external sources over the period from FY04 to FY10 confirms the importance of governance work in the Bank’s business during a period spanning three years before the 2007 GAC strategy and four years since then. As shown in Table 4.1, Bank budgetary expenditure for governance work increased from \$140 million in FY04 to \$169 million in FY10, an increase of 21 percent. This increase occurred even as the Bank operated in a flat real budget environment since FY06. In FY10, total spending on governance by the Regions, Network Anchors, Integrity Vice Presidency (INT) and Legal Vice Presidency (LEG) represented 12 percent of their budgets. Regional spending was slightly higher at 13 percent of total budgets (Appendix A provides further details on Regional spending on governance work). In addition to Bank budgetary spending, external funding of governance work through Bank-executed trust funds (BETFs) increased by 168 percent between FY04 and FY10 – much more rapidly than Bank budgetary spending over the same period – equaling 40 percent of Bank budgetary spending in FY10, compared with 18 percent in FY04.

Table 4.1. Bank Spending on Governance Work – FY2004-FY10 (US\$ Million)

<i>Sources</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>FY10</i>
Bank Budget	140	138	147	152	158	165	169
Reimbursables ^{a/}	6	6	8	7	7	11	11
Sub-total	146	144	155	159	165	176	180
Bank-Executed Trust Funds ^{b/}	25	34	35	42	43	52	67
Total Resources	171	178	190	201	208	228	247

Source: Corporate Planning and Analysis Department (CFRPA)

Note: Governance work includes: (i) work in four sectors – Central Government Administration; Law and Justice; Sub-national Government Administration; and General Public Administration; and (ii) work not linked to specific operational products, expenditures for which are recorded in SAP ‘Internal Orders.’ This definition of governance work is consistent with that used to arrive at the estimate of pre-FY07 Bank budgetary spending on governance work as stated in the implementation plan. Operations Policy and Country Services (OPCS) provided a thematic aggregation of Bank budgetary spending on governance work, which included: (i) work on five themes – Public Sector Governance; Rule of Law; Financial and Private Sector Development; Social Development, Gender and Inclusion; and Urban Development; and (ii) tasks recorded in Internal Orders. This data showed that Bank budgetary spending increased from \$147 million in FY07 to \$156 million in FY10.

a/ Reimbursables comprise income from trust fund administration and trustee services, and income from operational services (for example, reimbursable technical assistance and fee-based services).

b/ Includes Governance Partnership Facility (GPF) disbursements of \$1.3 million for FY09 and \$8.5 million for FY10.

Incremental Budget Allocation for Governance and Anticorruption Work and Impact on Regional Spending

4.2 Additional Bank budgetary funding – based on VPU requests – for implementation of the GAC strategy indicated a clear emphasis on funding for Regional work, with priority given to Africa. The breakdown of planned incremental funding by Regions and other VPUs is shown in Table 4.2. Regions were to receive 50 percent of the incremental budgets for FY08-11. From FY09 onwards, the incremental annual Bank budget (\$16 million in that year) was mainstreamed, that is, the increment was built into VPUs’ base budgets and not allocated as a budget top-up. The decision to mainstream the incremental budget after only the first year of GAC strategy implementation had the effect that its incentive on VPUs to reallocate resources to GAC work was diluted.⁸ However, the incremental budgets were relatively small in relation to the Bank-wide total budgetary spending of \$158 million to \$169 million per year during FY08 to FY10.

Table 4.2. Incremental Bank Budget Funding for Governance and Anticorruption, FY2008-FY11 (US\$ Million)

<i>VPUs</i>	<i>FY08 Midyear Actual</i>	<i>FY09 Actual</i>	<i>FY10 Planned</i>	<i>FY11 Planned</i>	<i>Total FY08-11</i>	<i>Share of Total FY08-11 (%)</i>
Regions	6.0	7.8	6.8	6.2	26.8	50
Network Anchors	3.1	3.8	3.0	3.0	12.9	24
DEC/WBI	0.5	1.3	1.3	1.3	4.4	8
INT	-	3.3	3.1	3.1	9.5	18
EXT	0.2				0.2	
Totals	9.8	16.2	14.2	13.6	53.8	100%

Source: CFRPA

Note: DEC=Development Economics; EXT= External; INT= Integrity; VPU= Vice Presidential Unit; WBI= World Bank Institute.

4.3 The breakdown of the budget increments for the Regions is shown in Table 4.3. It indicates a clear priority for funding GAC activities in the AFR and MENA Regions as compared to the other regions.

⁸ Although budgets represent fungible resources, additional budgets do provide a powerful signal of senior management priorities and – as noted in the implementation plan – create a strong incentive for VPUs to reallocate resources accordingly. A possible argument in favor of mainstreaming the incremental budget is that it was consistent with the strategic intent to mainstream GAC into operational work. However, a realistic timeframe for mainstreaming GAC into operational work (as acknowledged in the Second-Year Progress Report) would have made it clear that it was far too soon to mainstream the incremental budget just one year into implementation.

Table 4.3. Breakdown of Incremental Bank Budget Funding by Region – FY2008-FY11 (US\$ Million)

<i>Region</i>	<i>FY08 Midyear Actual</i>	<i>FY09 Actual</i>	<i>FY10 Planned</i>	<i>FY11 Planned</i>	<i>Total FY08- 11</i>	<i>Share of Total FY08- 11 (%)</i>
AFR	1.6	2.6	2.6	2.0	8.8	33
EAP	0.9	0.8	0.8	0.8	3.3	12
ECA	0.9	0.9	0.9	0.9	3.6	13
LCR	0.7	0.5	0.5	0.5	2.2	8
MNA	0.9	2.0	2.0	2.0	6.9	26
SAR	1.0	1.0	-	-	2.0	7
Totals	6.0	7.8	6.8	6.2	26.8	100%

Source: CFRPA

Note: AFR= Africa; EAP= East Asia Pacific; ECA= Europe and Central Asia; LAC= Latin America and Caribbean; MENA= Middle East and North Africa; SAR= South Asia.

4.4 Table 4.4 shows the purposes of the FY08 and FY09 incremental funding. It appears that these priorities were the same as those stated in the implementation plan for financing through the FY08 mid-year budget increment: support for CGAC processes; critical staffing needs for country and sector governance expertise; and more active participation in a range of global initiatives such as StAR.

Table 4.4. Incremental Bank Budget Funding of Operational VPUs by Purpose – FY2008–FY2009 (US\$ Million)

<i>Purpose of Incremental Funding</i>	<i>FY08</i>	<i>FY09</i>
CGACs	2.8 ^{a/}	2.2
GAC in Projects ^{b/}	2.0	1.1
Staffing Increments	-	3.8
StAR	1.6	1.5
Other Initiatives ^{c/}	3.2	4.3
Totals – Regions, Network Anchors & DEC/WBI	9.6	12.9

Source: One-Year Progress Report (Annex A) and CFRPA

Note: CGAC= Country Governance and Anticorruption; DEC= Development Economics Vice Presidency; GAC= Governance and Anticorruption; StAR= Stolen Asset Recovery; WBI= World Bank Institute.

a/ Twenty-six countries were initially nominated by RVPs; each country team was provided with incremental funds of \$0.1 million. In addition, PREM and OPCS received \$0.1 million each. The Philippines was added later as a CGAC country.

b/ The One-Year Progress Report noted (Annex A, para. 5): "The total of \$3 million earmarked for GAC in Projects between FY08 and FY09 was supplemented by most Regional Vice Presidencies by core budget resources." However, details of these supplementary resources are not available.

c/ Funding was for mainstreaming in sectors, demand-side activities, core public sector management, and learning.

4.5 Information on redeployment of VPU budgets was fragmented and difficult to obtain. We tried to ascertain the extent to which the Bank budgetary increments of FY08-10 acted as incentives for VPUs to redeploy a part of their base budgets for GAC work. There was no

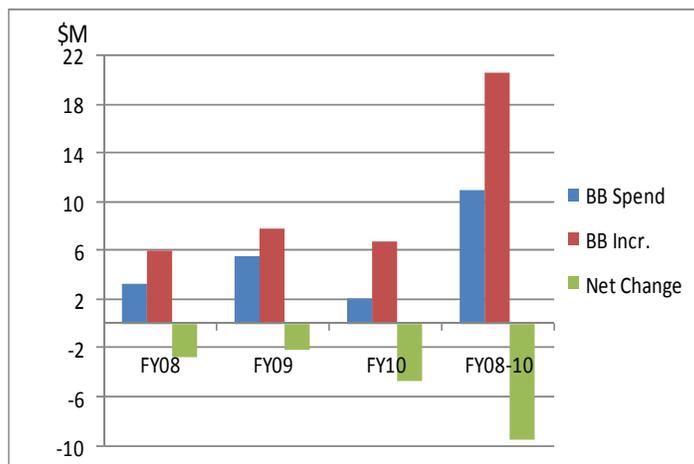
specific tracking by VPUs or institutional overview of budget redeployment by VPUs for GAC. Hence the available data on redeployment was piecemeal and did not offer a clear picture (see Appendix A for details).

4.6 Given the relatively small incremental funding provided from FY08 onwards and the lack of adequate information about Bank budgetary redeployments for GAC work by VPUs, we compared Bank budget spending for FY08-10 with the incremental funding for those years in order to estimate the extent of net change (that is, after taking into account the incremental funding) in the Regions’ spending on governance work.

4.7 Regions received \$20.6 million in incremental Bank budgetary funding in FY08-10, but increased their spending on governance work by only \$11 million. Figure 4.1 shows the following trends:

- Over the 3-year period FY08-10, the Regions received incremental Bank budgetary resources totaling \$20.6 million.
- During the same period, the Regions’ total Bank budgetary spending for governance work increased by a total of \$11 million.
- Thus, the incremental resources did not translate into an equivalent increase in Regional spending. This means that the Regions shifted their base budgets *out of governance work* in an amount of \$9.6 million (\$20.6 million minus \$11 million) over the first three years of GAC strategy implementation. In Figure 4.1, the shift of \$9.6 million is captioned as ‘net change.’

Figure 4.1. Change in Total Regional Bank budget Spending on Governance, FY2008-FY10



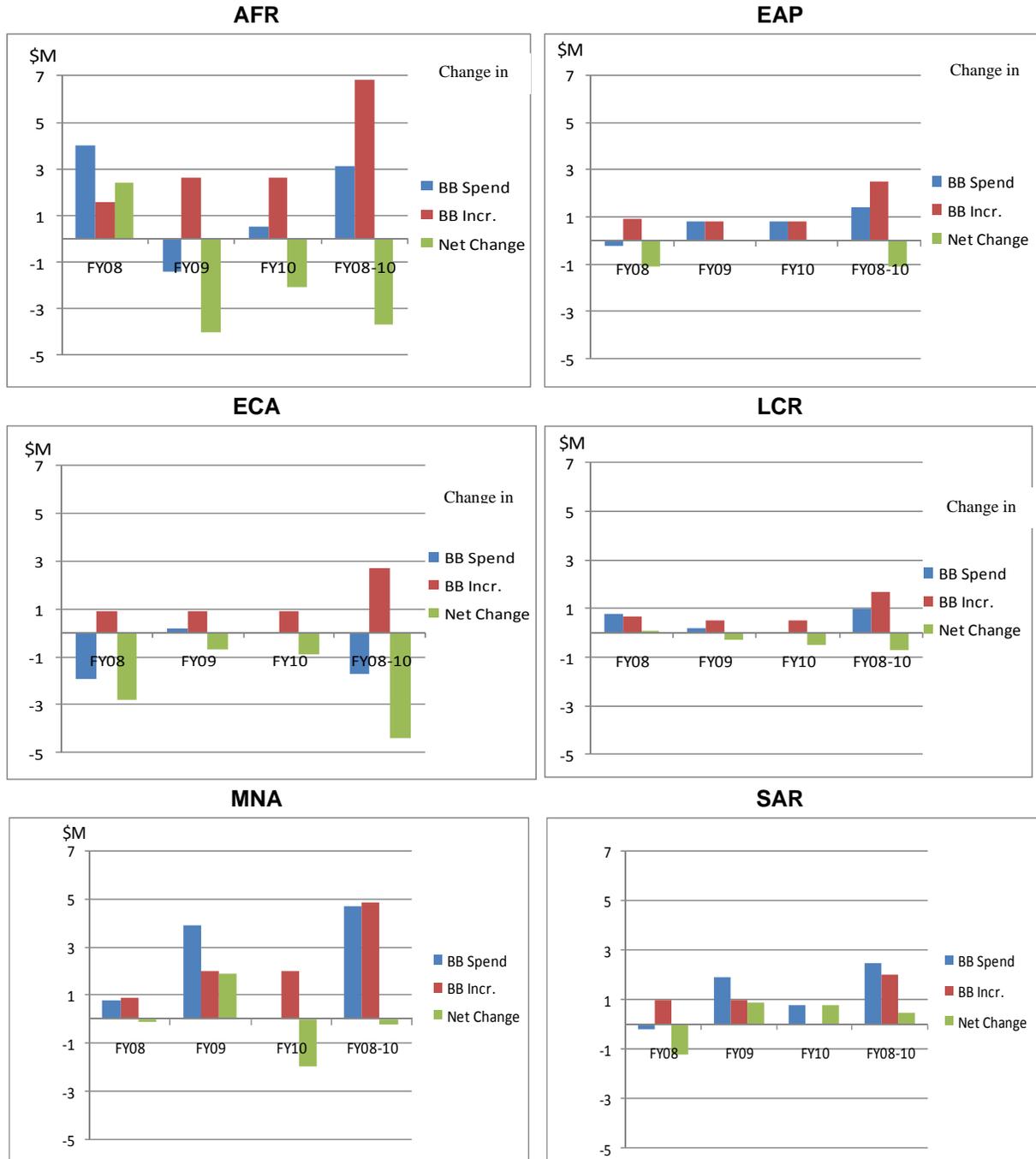
Source: Data provided by CFRPA on Bank Budgetary spending on governance and the incremental Bank Budget.

Note: BB= Bank budget

4.8 For most Regions, the budget increments in FY08-10 did not fully provide the anticipated incentive to increase their spending on governance. Figure 4.2 provides the Regional breakdown of the data in Figure 4.1. It shows that with the exception of the SAR, Regional spending over the FY08-10 period on governance work increased less than the Bank budget increments they received. Thus the overall picture of budget shifts away from

governance work, as shown in Figure 4.1, was widespread in the Regions. As Regions account for 80 percent of the Bank’s budgetary spending on governance, the trend shown in Figure 4.1 and Figure 4.2 appeared inconsistent with the messages of the GAC strategy paper and implementation plan about the importance of governance work.

Figure 4.2. Change in Spending on Governance Work by Region, FY2008-FY10



Sources: Data provided by CFRPA on Bank budgetary spending on governance and incremental Bank budget.
 Note: AFR- Africa; BB= Bank budget; EAP= East Asia Pacific; ECA= Europe and Central Asia; LAC= Latin America and Caribbean; MENA= Middle East and North Africa; SAR= South Asia.

4.9 The FY08 mid-year budget increment increase may have been difficult to translate into higher spending by the end of FY08, given the time required for planning and implementing changes in work programs. However, the same situation did not apply to the period FY09 and FY10, as VPUs were advised during the FY09 budget process about the 3-year trajectory (FY09-11) for incremental GAC spending. It is possible that while reducing their overall spending for governance work, the Regions were increasing spending for GAC work. However, if this higher spending occurred, it cannot be tracked in the Bank's current information system.

4.10 Regional budget shifts away from governance work could also indicate efforts to respond to other priorities in a flat real-budget environment. Several factors at work could have caused the budget shifts, but these cannot be determined on the basis of information available to us. First, Regions may have considered that governance work had been adequately funded over the FY04-07 period. Second, the zero real-growth budget environment prevailing from FY06 onward would have created growing pressure in all VPUs to identify and act on redeployment opportunities. And, third, GPF funds became available from FY09, providing an alternative source of funding. The combination of these factors may have induced the Regions to move some incremental resources out of governance work to other priorities.

GPF Resources – Overview of Allocation of Funds

4.11 The competitive GPF grant selection process differed from those of other major Bank-executed trust funds. The Bank traditionally allocates trust funds through a process of review and approval that is separate from its process for decision-making on Bank budgetary resources. In brief, the allocation of trust funds normally involves the submission of proposals to Sector Boards, a Network Anchor department, or the Concessional Finance and Global Partnerships Vice Presidency (CFP), who are responsible for selection of proposals in line with the criteria set out in legal agreements between the Bank and donors. The proposals are then submitted to donors for final approval. This process underscores the separate identity of donor-contributed funds from the Bank's own resources and focuses responsibility for compliance with the allocation criteria agreed between the Bank and donors.

4.12 The GPF was structured to achieve the same objectives, but with the important variation that donor representatives were directly involved in the competitive selection of grant proposals through their joint participation in a committee with Bank staff (see Appendix B for further details). In this respect, the GPF approval process differed substantially from BETFs such as the Bank-Netherlands Partnership Program (BNPP) and the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD), that follow the traditional process described above.

4.13 As noted earlier, four windows were created within the GPF to finance programs that aimed to achieve its objectives. Three of the windows were focused on funding primarily Bank-executed activities. As of December 2010, the GPF had approved 94 projects amounting to around \$65 million in grant allocations. The distribution of approved grant amounts by GPF window is shown in Table 4.5.

Table 4.5. Distribution of GPF Grants by Window

<i>Window</i>	<i>Total Grant Amounts</i>	
	<i>Approved (US\$M)</i>	<i>Percentage of GPF Total</i>
1	30.8	47
2	24.6	38
3	9.9	15
Total	65.3	100

Source: GPF Secretariat

4.14 In terms of Regional distribution of GPF grants, as shown in Table 4.6, AFR (as the grant- managing unit) received 33 percent of the grants, followed by ECA (13 percent), EAP (12 percent), LCR (7 percent), SAR (7 percent) and MENA (4 percent). Collectively, the Regions received 76 percent of the grants, a much higher proportion than their 50 percent share (Table 4.2) of the FY08-10 incremental Bank budget funding.⁹

Table 4.6. Distribution of Approved GPF Grants by VPU

<i>VPU</i>	<i>Total Value of Approved Grants (US\$M)</i>	<i>Percentage of Total GPF Allocation</i>
AFR	21.6	33.1
CEX	0.5	0.8
DEC	0.8	1.3
EAP	8.1	12.4
ECA	8.8	13.4
HDN	1.8	2.7
LCR	4.7	7.1
MNA	2.7	4.1
OPC	0.3	0.5
PRM	4.2	6.4
SAR	4.9	7.4
SDN	3.5	5.4
WBI	0.3	0.4
GPF	2.6	4.0
Total	65.3	100

Source: GPF Secretariat.

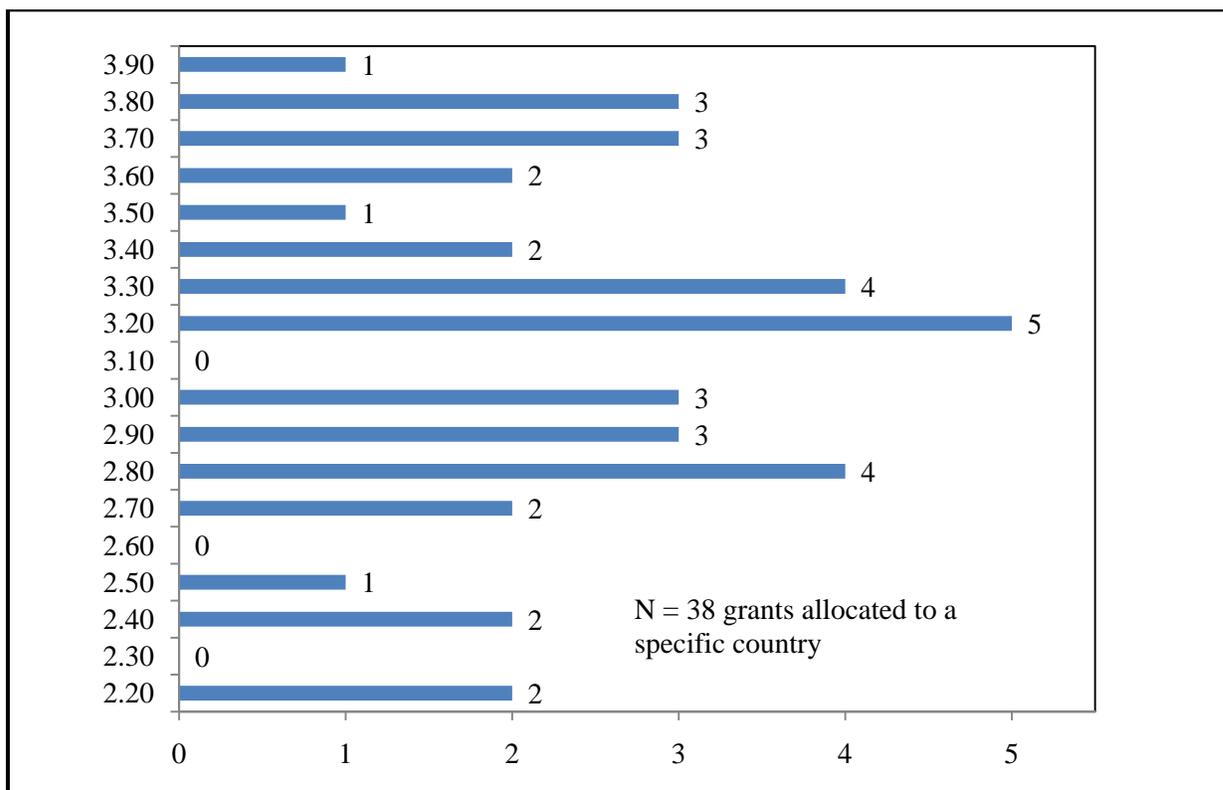
Note: AFR=Africa; CEX=Executive Vice President; DEC= Development Economics; EAP= East Asia and Pacific; ECA= Europe and Central Asia; HDN=Human Development Network; LCR= Latin America and Caribbean; MNA= Middle East and North Africa; OPC= Operations Policy and Country Services; PRM= Poverty Reduction and Economic Management; SAR= South Asia; SDN=Sustainable Development Network; WBI= World Bank Institute; GPF=Governance Partnership Facility.

⁹ There is an important caveat regarding the data presented in Table 6, in terms of treating grant managing units as recipients: a number of GPF grants were allocated for multi-country case studies (coded as “Global”) or for sectors across different countries with common themes, and therefore Regional classifications of these grants may not be entirely meaningful. If these global grants are taken into account, the Regions’ total share of GPF grants as of December 2010 would be 69%, compared with the 76% shown in Table 6.

4.15 We reviewed the GPF grant allocations from several dimensions. The results of our analysis are set out below.

4.16 GPF grant allocations did not focus on countries with the greatest need for GAC efforts. One of the principles of the GAC strategy is that the WBG will adopt a consistent approach towards operational decisions across countries, in particular, with no change in the performance-based allocation system for IDA countries. Therefore, we reviewed whether the competitively selected grants reflected countries' needs in terms of their governance performance as measured by the governance cluster of the CPIA. However, as Figure 4.3 shows, there was no discernible pattern of allocation.¹⁰ It is important to note that the figure below takes into account only those GFRs for which there is a particular recipient country, and this is a little over half of the GFR population. The remaining half has been earmarked for regional or global projects for which there is no single recipient country.

Figure 4.3. Governance Partnership Facility: Approved Grants as of End-December 2010 (Number of Grants per CPIA score)



Sources: Operations Portal; GPF Secretariat.

4.17 Only a minority of CGAC countries received GPF funding from Window 1. We compared the list of CGAC countries determined by the Regions with the countries that received either country-specific grants or that were among the target countries for global grants. This comparison (see Table 4.7) showed that only ten out of the 27 CGAC countries

¹⁰ This refers to the Public Sector Management and Institutions Module of the CPIA.

(shown in italics) received a grant from Window 1, and eight of these countries also received a grant from Window 2; and five other CGAC countries only received a grant from Window 2. Although the CGAC countries are the intended focus of the GAC strategy, Window 1 supported only a minority of these countries, and the GPF as a whole supported only 15 out of 27 such countries.¹¹

Table 4.7. CGAC Countries and GPF Recipient Country List (End-December 2010)

CGAC Countries (in italics)	GPF Window 1 a/	GPF Window 2 b/	GPF Window 3 c/
Africa			
<i>Burkina Faso</i> <i>Burundi</i> <i>Cameroon</i> <i>Congo, Democratic Republic of (DRC)</i> <i>Ethiopia</i> <i>Kenya</i> <i>Mali</i> <i>Swaziland</i> <i>Zambia</i>	<i>Burkina Faso</i> <i>Cameroon</i> <i>DRC</i> <i>Ghana</i> <i>Kenya</i> <i>Liberia</i> <i>Nigeria</i> <i>Sierra Leone</i> <i>Uganda</i> <i>Zambia</i>	Angola <i>Cameroon</i> Cape Verde Cote d’Ivoire Djibouti <i>DRC</i> The Gambia Ghana Guinea Guinea-Bissau <i>Kenya</i> <i>Mali</i> Mauritania Mozambique Niger Nigeria e/ Rwanda Senegal Sierra Leone Sudan d/ Uganda <i>Zambia</i>	Africa
East Asia and Pacific			
<i>Cambodia</i> <i>Indonesia</i> <i>Mongolia</i> <i>Philippines</i>	<i>Cambodia</i> <i>Mongolia</i> <i>Philippines</i>	<i>Cambodia</i> Indonesia d/ Lao PDR <i>Mongolia</i> Papua New Guinea <i>Philippines</i> Thailand Timor-Leste	Asia

¹¹ In the Implementation Plan (para. 8), it was stated: “At the heart of the Implementation Plan should be country strategies that effectively and systematically address GAC impediments to development and poverty reduction.”

CGAC Countries (in italics)	GPF Window 1 a/	GPF Window 2 b/	GPF Window 3 c/
Europe and Central Asia			
<i>Albania</i> <i>Moldova</i> <i>Ukraine</i> <i>Uzbekistan</i>	<i>Albania</i> Tajikistan	Bosnia-Herzegovina Kosovo Kazakhstan Kyrgyz Republic Russian Federation Tajikistan Turkey <i>Uzbekistan</i>	
Latin America and Caribbean			
<i>Guatemala</i> <i>Honduras</i> <i>Paraguay</i> <i>Peru</i>	Haiti	Argentina e/ Brazil Chile Colombia Dominican Republic e/ <i>Honduras e/</i> Jamaica Mexico <i>Paraguay</i> <i>Peru d/</i>	Latin America
Middle East and North Africa			
<i>Iraq</i> <i>Lebanon</i> <i>Yemen</i>		Morocco Egypt Jordan West Bank and Gaza <i>Yemen</i>	
South Asia			
<i>Bangladesh</i> <i>Nepal</i> <i>Sri Lanka</i>	Afghanistan <i>Nepal</i>	Afghanistan <i>Bangladesh</i> India <i>Nepal</i>	Pakistan

Source: World Bank TFast Monitoring Tools as of December 2010. CGAC countries in italics.

a/ Includes GFR 2079 allocated to peer reviewers for Window 1.

b/ Includes GFRs allocated regionally for country studies: GFR 3098 for Angola, Cameroon, Mongolia, Lao PDR, the DRC, Ghana, Niger, and Nigeria; GFR 2976 (2998) allocated to Timor-Leste, DRC, Ghana, Guinea, Mauritania, Niger, and Nigeria; GFR 1739 allocated to India, Indonesia, Mexico, Jordan, and Nepal; GFR 2174 to Kenya, Zambia, DRC (and eastern central Africa), Bangladesh, India (two states), Mexico, Chile, the Philippines, and South Korea; GFRs 1698 and 1728 allocated to ECA; GFRs 1749, 2615, and 2716 allocated to LAC; GFR 2659 allocated to MENA; GFR 1712 allocated to SAR; and GFR 2702 allocated to Southern Africa.

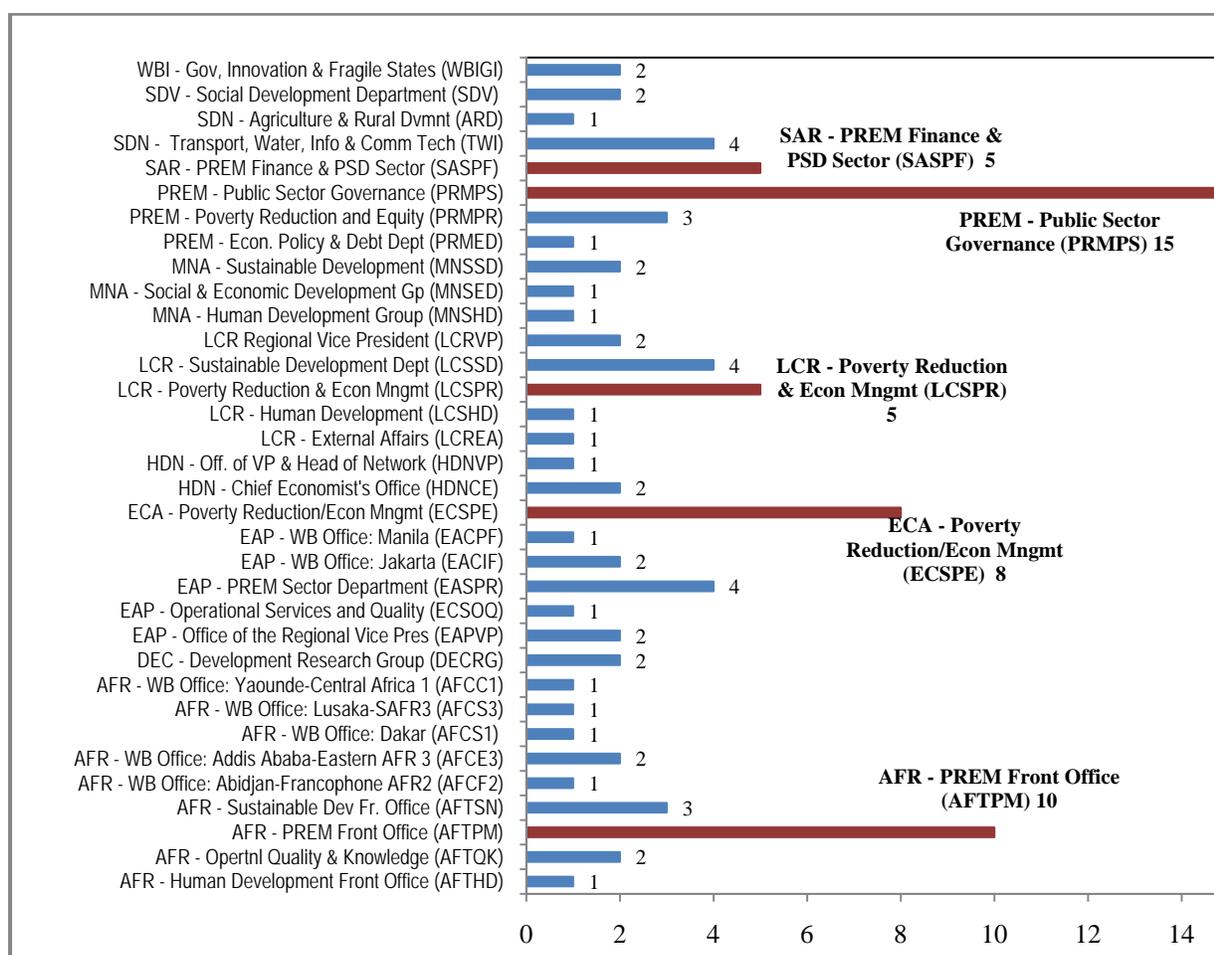
c/ Non-country specific. Nine GFRs coded "Global" for training and knowledge purposes or for regions.

d/ Projects in these countries have two separate GFRs for the same project, a Bank-executed portion and a recipient-executed GFR. They are GFRs 3579 and 2678 for South Sudan; GFRs 1804 and 216 for Indonesia; and GFRs 5052 and 2716 for Peru.

e/ Countries with two separate GFRs for different projects. For Nigeria GFRs 4027 (W1) and 1695 (W2); for Sierra Leone GFRs 4001 (W1) and 2548 (W2); for Uganda GFRs 4028 (W1) and 2653 (W1); for the Dominican Republic GFRs 2720 (W1) and 4129 (W2); for Argentina GFRs 1784 (W2) and 4235 (W2); and for Honduras GFRs 1749 (W2) and 2615 (W2).

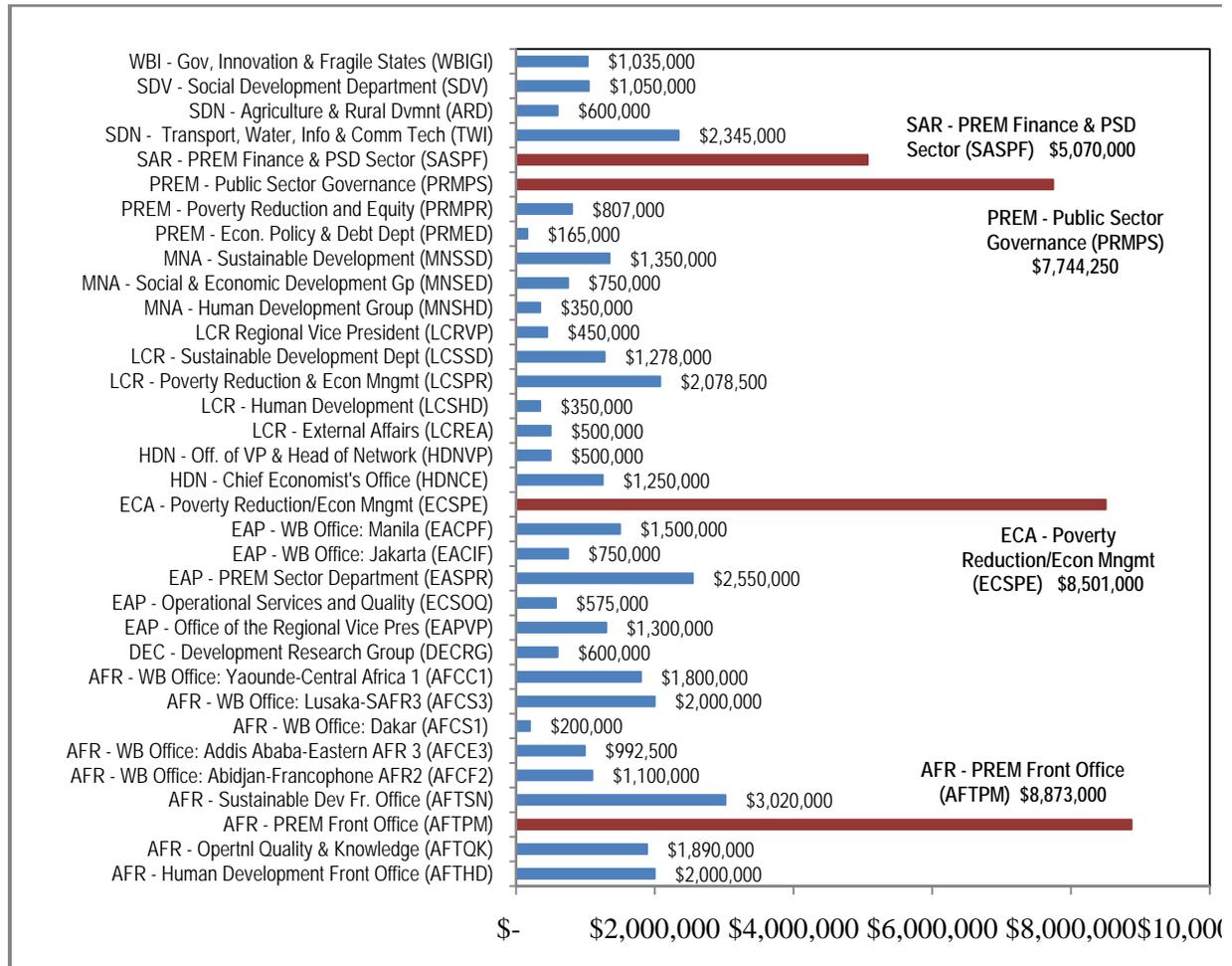
4.18 The majority of the GPF grants were made to PREM units, raising the issue of the extent of mainstreaming beyond the Network. Figure 4.4 and Figure 4.5 show that a large proportion of GPF grants – both in terms of number and dollar amounts -- were made to PREM units at the center and in 3 Regions, namely, AFR, ECA and SAR. Together, these PREM units received 47 out of 94 grants, and \$31 million out of the \$65 million allocated. This raises the question of whether the GPF selection process adequately supported the mainstreaming of GAC work across the Bank – a major goal of the strategy. This finding also explains concerns expressed by staff in other Networks (for instance, at the Bank’s September 2010 GPF Window One Workshop in Cape Town, South Africa) about the heavy PREM orientation of GAC implementation.

Figure 4.4. Governance Partnership Facility--Grant Allocation by TTL Sector Data as of December 2010 (In number of Grant Funding Requests per unit)



Source: Operations Portal and GPF Secretariat.

Figure 4.5. Governance Partnership Facility--Grant Allocation by TTL Sector Data as of December 2010 (In millions of US dollars per unit)



Source: Operations Portal and GPF Secretariat.

GPF Criteria for Competitive Selection

4.19 The Second-Year Progress Report on GAC implementation noted (Box 3): “Typically, for each 100 expressions of interest, about 20 go to the short-list for full proposals, and 10 are finally selected for funding.” The selection criteria for Window 1 included innovative efforts to further engagement and ownership with client counterparts/government on GAC issues as part of the broader policy dialogue. Window 2 criteria included activities that: (i) are seen as potential entry points for greater country engagement in GAC or building blocks for future CGAC business plans; and (ii) are innovative and expand the Bank’s or country’s engagement beyond core public administration aspects of governance. Window 3 criteria included ways in which the work will “stretch the frontiers of governance” through increased knowledge.

5. Review of Sample of GPF-Funded Activities

5.1 With the background of competitive selection, we reviewed a sample of 30 grant funding requests (GFRs) approved for funding through Windows 1, 2 and 3, to evaluate how the GPF selection criteria were met, as well as the overall effectiveness of the selection process. The total grant amount for the sample GFRs is \$21 million, or 32 percent of the total grant amounts approved for \$65 million as of end-December 2010. The sample represented nearly all attributes of the full population of 94 approved GFRs. Appendix C provides a description of our sample selection methodology and the list of the sample grants.

Purpose and Criteria for Evaluation

5.2 The main purpose of our evaluation was to assess the extent to which the development objectives and planned outcomes and outputs of the approved grants were consistent with the objectives of the GAC strategy and monitorable. In this regard, we used the following evaluation criteria: Do the GFRs present: (i) project plans, aligned with the GAC strategy and CASs; (ii) monitorable outcome/output indicators; (iii) evidence of complementary Bank budgetary funds; and (iv) plans for mainstreaming the efforts funded by GPF? We focused, in particular, on the following elements of GFRs:

- Alignment and responsiveness to GAC strategy
- Alignment with the CAS
- Specific timeframe for project completion
- Monitorable outcome and output indicators
- Evidence of complementary Bank budgetary funds
- Statement of project risks and proposed mitigation actions
- Cost-effectiveness in the use of grants
- Specific mainstreaming plans.

Criteria for Alignment and Responsiveness to Governance and Anticorruption Strategy

5.3 The first element of the GFRs – alignment and responsiveness to GAC strategy – was evaluated against the following three criteria:¹²

- Are the grants correctly aligned with the pillars set out in the 2007 GAC strategy? As defined in the implementation plan, the GAC pillars include work in: (i) countries, (ii) projects, (iii) themes and sectors, and; (iv) global efforts.
- Do the grants follow clear strategies of entry in their concept and methodology, that is, are they focused on particular entry points that guarantee their effectiveness? Entry points as defined in the GAC strategy (and as incorporated into the IEG evaluation methodology) include the following: (i) the core public sector; (ii) the civil society and demand-side; (iii) accountability institutions; and (iv) the investment climate.

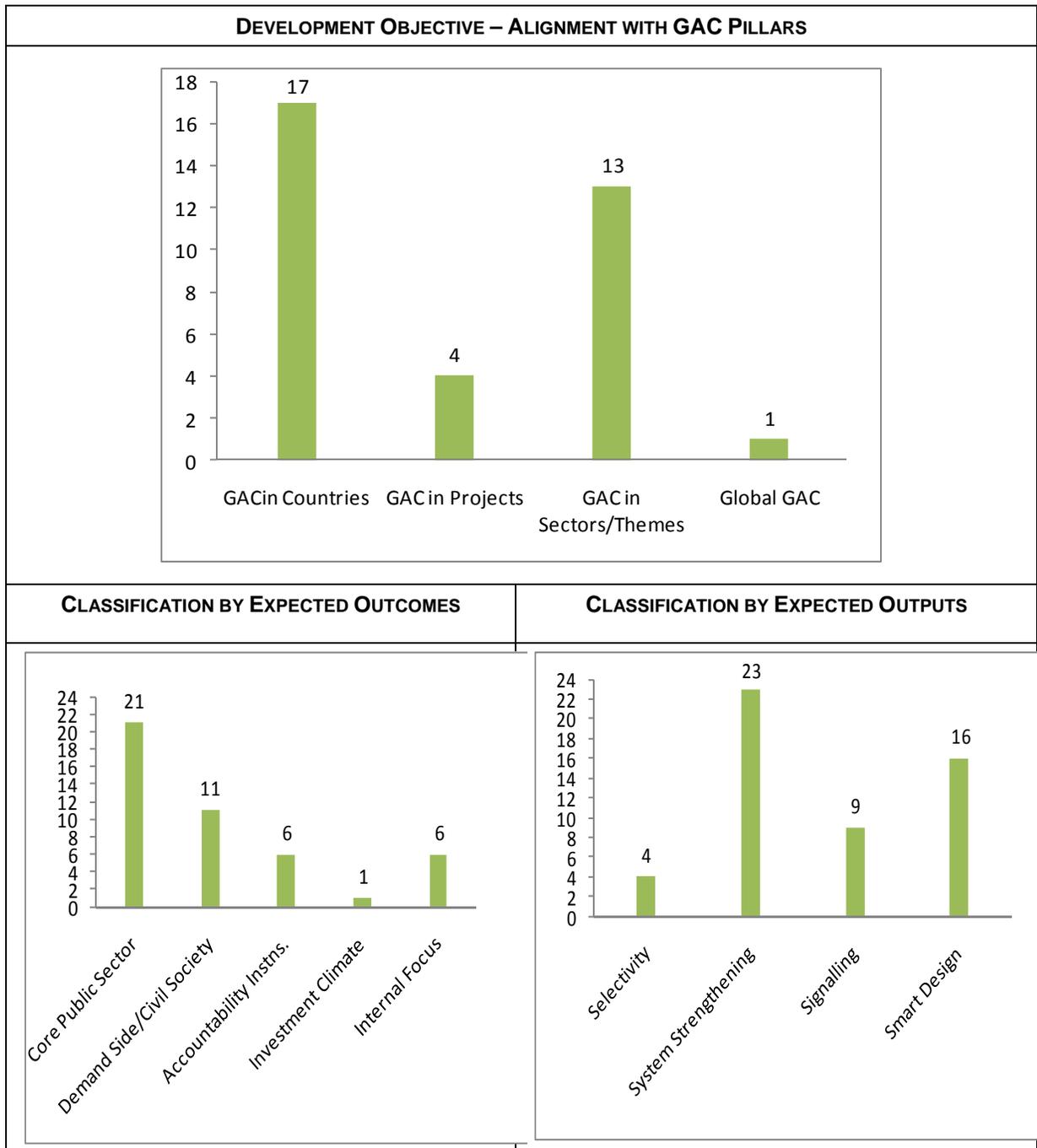
¹² Our assessment of the other elements of the GFRs is discussed in paras. 42-53 of this working paper.

- Are the grants GAC-responsive in their elements of engagement? Consistent with the IEG Approach Paper (*World Bank Country Level Engagement on Governance and Anticorruption: An Evaluation of the 2007 Strategy and Implementation Plan*). ‘GAC-responsiveness’ is defined for this purpose as the characteristic of projects and programs that include *enhanced selectivity, improved signaling, smarter design, and effective system strengthening*.

Alignment of Development Objectives with Governance and Anticorruption Strategy Pillars

5.4 The review of development objectives included an evaluation of their alignment with GAC pillars. The analysis was done while recognizing projects can be multifaceted and that most GFRs will include all GAC pillars in one way or another. Development efforts are usually multi-pronged, particularly when dealing with aspects of governance and country capacity-building because these cut across sectors and themes. Thus, it is important to note that most grants evaluated included elements of all pillars and that when a particular development objective was heavily composed of more than one of the pillars, this was classified accordingly. Therefore, the categories do not add up to 30 (number of sample GFRs) in Figure 5.1. However, the broad categorization allowed the establishment of certain conclusions regarding the main thrust of the GPF. It also enabled some analysis to be performed on the quality of the GFRs and on how they state their objectives as viewed by an independent, third-party audience.

Figure 5.1. Analysis of GAC-Responsiveness of Grants (Number of Approved GFRs)



Source: IEG Desk Review

6. Main Findings Regarding GPF Grant Allocations

6.1 The following main points emerged from our analysis:

- **GAC-in-Countries:** As shown in Figure 5.1, the majority of GFRs explicitly stated their main development objective as related to a country strategy or supporting specific GAC efforts in a particular country. This was the case not only for Window 1 grants, which have an explicit country strategy component, but also for some grants funded through Window 2, which is intended to fund cross-cutting thematic and sector work. Overall, seventeen out of the sample of 30 GFRs included a country component, including eight countries funded through Window 1 and nine projects funded through Window 2.
- **GAC-in-Projects:** Although the GFRs we have classified in this category are focused on a specific number of initiatives and are attached to a particular project, few GFRs stated explicitly that the projects are related to this particular pillar. Three of the four GFRs categorized under this pillar were funded by Window 3, which is intended for funding internal learning and knowledge-sharing; the other GFR was funded through Window 1. However, with reference to the main actions under the GAC-in-Projects pillar envisaged in the GAC strategy, it can be argued that GAC-in-Projects is implicitly included in any GAC-in-Country project.¹³ Therefore, the few grants classified in this category do not indicate that the pillar is not adequately funded by the GPF.
- **GAC-in-Sectors/Themes:** Thirteen grants in the sample displayed strong elements related to this pillar. This included projects funded by all three Windows.
- **Global:** Only one grant of the surveyed GFRs included an explicit component related to global initiatives. For this grant, GFR 2224 stated the following as its development objective: “Enhance cross-regional and global networking, knowledge sharing and capacity building in support of the demand-for good governance agenda. The aim is to raise capacity both internally and externally for further mainstreaming demand for good governance approaches both within the Bank and externally with partners and development stakeholders.”

6.2 Our analysis and classification of the sample GFRs by entry points – as indicated by the expected outcomes – showed the following:¹⁴

- **Core Public Sector:** Twenty-one grants channeled some or all of the funds to the core public sector and focused their activities on building state capacity at the federal,

¹³ The main actions of the GAC-in-projects pillar, as stated in the GAC strategy, were: (i) strengthening country systems and mitigating fiduciary risk in Bank-financed operations; (ii) incorporating concrete good governance and anticorruption objectives into programs; (iii) working with governments to identify risky operations and ensure upstream risk mitigation; (iv) preparing anticorruption action plans as part of high-risk operations; (v) improving the quality of project design, supervision, and evaluation; and (vi) enhancing third-party monitoring of Bank-financed projects by improving the timely disclosure.

¹⁴ Entry points as defined in the GAC strategy (and as incorporated into the IEG evaluation methodology) include the following: (i) the core public sector; (ii) the civil society and demand-side; (iii) accountability institutions; and (iv) the investment climate.

state or local level, either directly through the state or through third-parties. For example, GFR 4745 for Zambia and GFR 2671 for Burkina Faso have country and sector components focused heavily on bolstering transparency and efficiency of the public sector via Bank projects. GFR 1712 for South Asia proposed to support the implementation of Right to Information (RTI) legislation – a core public sector capacity – through third party contributions.

- **Demand Side/Civil Society:** Eleven grants had at least one expected outcome focused on this entry point. For example, GFR 2709 for the Philippines states as an expected outcome the improvement of open budget scores, which rate the executive’s consultation process with the public in its budget preparation. GFR 1712 for South Asia also includes civil society-directed outcomes.
- **Accountability Institutions:** Six grants had this entry point for at least one expected outcome. Examples included: a regional Office for the Ombudsman for Human Rights (GFR 2896 for Russia), and the Anticorruption Commission for South Sudan (GFR 2628). Across the sample, this entry point was less frequent than the first two discussed above, and usually projects with expected outcomes relating to accountability institutions were combined with elements of core public sector and demand-side interventions.
- **Investment Climate:** Only one grant had explicitly stated expected outcomes related to the investment climate as an entry point for intervention. This was GFR 2615 for Honduras. Although closely linked to state capacity, it approached GAC through the private sector.
- **Internal Focus:** Six grants included at least one expected outcome where the target value was solely concentrated on bolstering Bank capacity or delivering an internal product.

6.3 Table 6.1 compares the above findings on entry points for our GPF sample of 30 grants with the classification of the larger samples of pre-GAC and post-GAC projects covered by an IEG desk review. Although the classification of the GPF sample grants showed important differences from the desk review samples, no conclusion can be drawn from this data regarding the degree of alignment and responsiveness to GAC strategy (objective of our GPF sample review) of the projects in each sample.

Table 6.1. Classification by Entry Points Desk Review & GPF Sample Grants

<i>Entry Points</i>	<i>Desk Review</i>		<i>GPF Sample</i>
	<i>Pre-GAC Strategy (%)</i>	<i>Post-GAC Strategy (%)</i>	<i>(%)</i>
Core Public Sector Management	97	94	70
Accountability Institutions	51	50	20
Demand Side	72	65	37
Investment Climate	53	59	3
Internal Bank Focus	-	-	20
Total No. of Sample Projects	120	80	30

Source: IEG Desk Review

6.4 The sample GFRs were classified by elements of engagement, as indicated by the expected outputs. Here the classification of the sample grants is based on the approach set out in the IEG Approach Paper, which aims to analyze a project's capacity-building (Bank versus country) dimension in conjunction with its risk management dimension (country versus project level). We therefore classified each grant as a combination of these two dimensions, depending on the focus of its expected outputs. The rationale behind analyzing the expected outputs is that they define the actual nature of Bank engagement. The combinations can be defined as follows:

- **Selectivity:** Building Bank capabilities/managing risk at the country level
- **System Strengthening:** Building country capabilities/managing risk at the country level
- **Signaling:** Building Bank capabilities/managing risk at the project level
- **Smart design:** Building Bank capabilities/managing risk at the project level

6.5 The analysis of this particular component was done by reviewing the list of expected outputs to determine which elements of engagement were included; a grant can then be classified as having two, three or all four dimensions of engagement and therefore being fully GAC-responsive. The results of our analysis are presented below and summarized in Figure 5.1.

- The low number of grants containing elements of **selectivity** suggests that consideration of how to build Bank internal capacity while managing risk at the country level is not widely taken into account when selecting projects for GPF funding.
- The large majority of grants contained elements of **system strengthening**, which combine risk management at the country level with efforts to build country GAC capabilities. Outputs in these GFRs included activities or reports that directly supported institutional capacity in public and private sectors and accountability institutions.
- Nine grants included expected outputs focused on **signaling**, which combines project-level risk management with a focus on Bank capabilities. These grants included at least one expected output that related to portfolio and transaction level risk reviews or monitoring of actionable indicators.
- A little over half of the surveyed grants included some elements of **smart design**. This reflects our assessment that the expected outputs included some deliverables that would ensure the projects' robustness relative to the political economy of their operating environment.

6.6 In summary, our main finding on the GAC-responsiveness of the sample grants was that informed risk-taking, by means of improved signaling through Bank portfolio processes, was not given a high priority.

- *Alignment with GAC pillars:* About 60 percent of the grants were aligned with the GAC-in-countries pillar, and 40 percent of the projects were also aligned with the GAC-in-sectors/themes pillar.

- *Entry points:* Seventy percent of the grants had entry points relating to the public sector, and just over a third had the demand side and civil society as entry points.
- *Elements of engagement:* Seventy percent of the grants contained elements of system strengthening, and about one-half had some elements of smart design. However, only about one-third of the grants had expected outputs focused on signaling, which indicates that the trade-off made across the projects was strongly in favor of system strengthening. This raises the issue of whether, in order to increase GAC-responsiveness, GAC activities should be prioritized toward informed, proactive risk-taking based on a stronger emphasis on signaling through the Bank's portfolio processes.

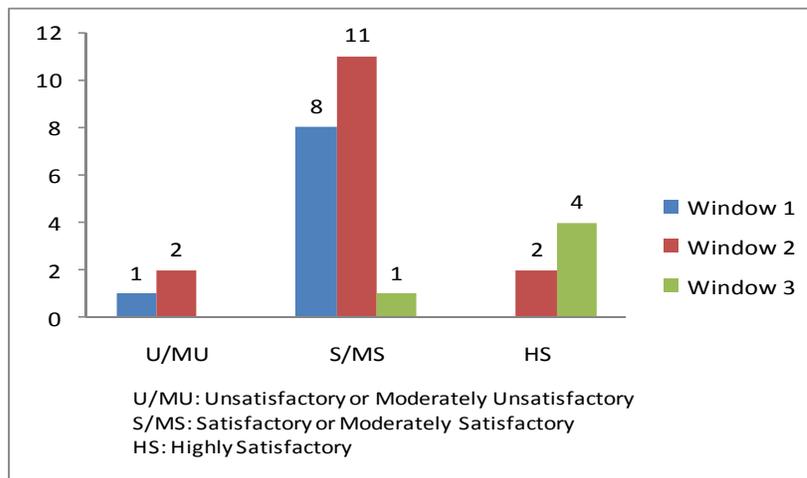
6.7 Alignment with the CAS was explained in eight GFR proposals of the sample. The GFR format for Window 1 included the following question: "What are the country's current governance impediments to development effectiveness? What are the government's development policies, and how do the emerging CGAC and CAS relate to these?" The format for Window 2 included the following question: "In case the proposal includes a country/countries that will prepare a CAS in the next few years, explain how the proposed activities will help in developing the CAS and how this activity can be a building block for a CGAC strategy."

6.8 The responses to the above questions and the statements of development objectives and outcome indicators for eight proposals (five in Window 1 and three in Window 2) included specific mention of how they linked to the CAS (for further details, see Appendix D). For example, in GFR 4745 (Window 1), one of the outcome indicators is: "Zambia Office Governance & Anticorruption Council emerges as an in-house resource to support and guide Task Team Leaders (TTLs) and teams in incorporating CGAC issues in all our operations." Another example is provided by GFR 4028 (Window 1) which stated its development objective as follows: "Effective implementation of the CAS through an informed focus on addressing governance constraints." And an example from Window 2 is GFR 2725: "Enhance the effectiveness of the country program by mainstreaming governance issues into the proposed CAS."

6.9 The timeframes for project completion stated in the GFRs are mostly in 2011 and 2012. Therefore the progress to date does not provide firm indication that the planned outputs and expected outcomes will be achieved upon completion. In this context, we believe that "Highly Satisfactory" ratings in four Grant Reporting and Monitoring (GRMs) for Window 3 grants were premature as of April 2010. All GFRs contained a specific timeframe for completion. These dates are important in assessing the progress reported in GRMs. In Window 1, six of the nine projects had completion dates in 2012, and the other three had completion dates in 2011. These completion dates reflect the large number of diagnostic outputs planned. By contrast, in Window 2, five projects had 2012 completion dates, five had 2011 dates, and the remaining six had 2010 dates. However, the GRMs for three of the projects with 2010 completion dates showed that the dates were extended to 2011 in two cases and to 2013 in one case. In Window 3, the knowledge creation and learning objectives of these projects are reflected in completion dates of 2010 for one project, 2011 dates for three projects and a 2012 date for one project; the GRM for the project with the 2010 completion date showed that it was extended to 2011.

6.10 Given the above timeframes for completion, and because the GRMs covered the twelve months from May 2009 to April 2010, the progress reported and rated is preliminary for nearly all grants and cannot be regarded as firm indication that the expected outcomes and planned outputs will be achieved. Subject to this important limitation, we found that progress had been objectively assessed (GRM rating of overall progress in achieving grant objectives) in the large majority of GRMs, with one exception: the GRM for GFR 1712 (Promoting RTI Legislation in South Asia), funded by Window 2, rated progress as “Highly Satisfactory,” on the somewhat limited basis of a regional workshop that was considered very successful. Four of the five projects funded by Window 3 were rated as having achieved “Highly Satisfactory” progress, but we believe these ratings should be treated with caution, as these projects are still at a relatively early stage of completion. Figure 6.1 summarizes the ratings shown in the GRMs.

Figure 6.1. Summary of GRM Ratings for Sample Grants



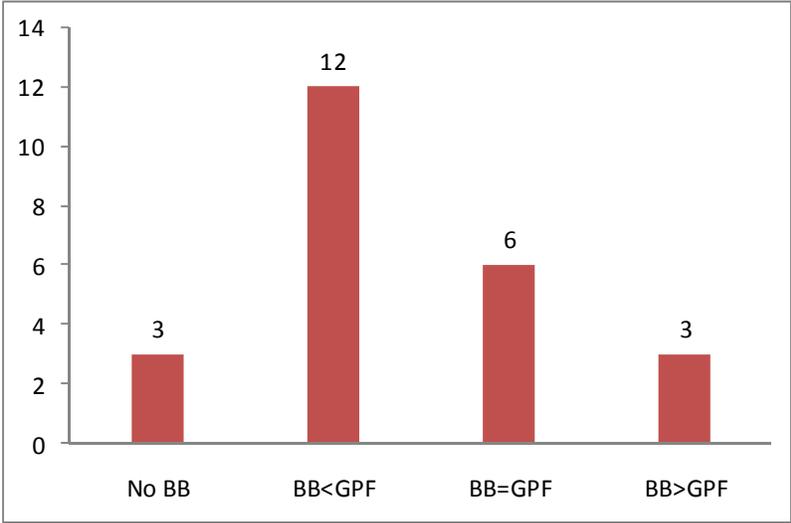
Source: GRMs for sample grants.

6.11 The majority of GFRs included specific indicators of expected outcomes and planned outputs that can be monitored. However, in some GFRs the stated outcome indicators could be regarded as outcomes (rather than indicators) or were in the nature of output indicators or project phases. Nine illustrative examples of what we consider as appropriate outcome indicators can be found in Appendix D. However, we also noted five outcome indicators that could be regarded as expected outcomes rather than indicators; and there were 16 examples of outcome indicators that could be regarded as outputs or even as phases of the project. These examples are highlighted in Appendix D. There were also four cases of outputs shown (also highlighted in Appendix D) that were more properly the expected outcomes; and in one case (GFR 2896 for Russia), it was unclear why the following was listed as an output of the grant-financed activities: “Four Legal and Civic Rights Centers for Active Citizenship established,” as this would normally be the output of a government entity. Finally, one GFR (2890) had no outcome or output indicators. Despite these deficiencies, we found that overall, the GFRs showed that adequate efforts had been made by the authors of the proposals to identify monitorable indicators.

6.12 Complementary Bank budgetary funding was available for 21 out of the sample of 24 grants for which project cost data was available (Figure 6.2). But there is no assurance of a similar level of Bank budgetary funding over the balance of the project completion period. According to the GFRs, the Bank budgetary allocations were aimed at mainly financing staff costs of supervision or oversight of the funded activities, but this information did not appear comprehensive. To assess the actual extent of complementary Bank budgetary funding, we reviewed the Bank budget spending over FY08-10 and up to September 2010 for the projects that received the grants covered by the 30 sample GFRs reviewed. Out of our sample of 24 projects for which cost data were available, there were only three grants that did not receive a complementary Bank budgetary allocation.¹⁵

6.13 Of the other 21 projects: (i) Bank budgetary funding was higher than the GPF grant amount in three cases; (ii) Bank budgetary funding was equal to the GPF grant amount in six cases; and (iii) Bank budgetary funding was less than the GPF grant amount in 12 cases. Given that GPF grants covered the period up to project completion (mostly in 2011 or 2012), while the Bank budget is allocated on an annual basis), we concluded that Bank budgetary funding to complement GPF grants is significant. This was corroborated by a review done by the GPF Secretariat, which found that during December 2008 to June 2010, Bank budgetary funds flowing to the public sector governance components of projects receiving GPF grants totaled \$4.4 million, representing 48 percent of GPF disbursements of \$9.2 million over the same period. Of course, this does not provide assurance that complementary Bank budgetary funds will reach the GPF-funded projects at the same rate until their completion in 2011 or 2012.

Figure 6.2. Complementary Bank Budgetary (BB) Funding of GPF-Funded Projects (Number of Projects)



Source: IEG desk review.

¹⁵ Out of our sample of 30 GFRs, there were two projects (Governance in the new Uganda CAS – P117383, and Africa Region – Public Expenditure Management Reform – P117492), which had two GFRs attached (GFRs# 2653 and 4028 for Uganda CAS, and GFRs# 2224 and 2719 for Africa PEM). For four other projects, no cost data was available in SAP. This meant that our sample for review of costs was 24 projects.

6.14 Staff costs estimated in the sample projects did not raise concerns about funding such costs out of temporary grant funds. The provision in the GPF to allow staff costs to be charged clearly helped the staff responsible for implementation. GPF grants are being used both for paying staff costs (fixed costs) and also for variable costs. The variable costs included consultant costs, travel costs and all other costs that are not staff costs. The fixed-cost ratios of the projects selected varied widely from project to project and from region to region. Except in a few cases, however, staff costs funded were below 20 percent of the grant amount, and there were very few cases noted where grant funds were used to hire new staff or an Extended-Term Consultant (ETC). In 38 percent of the projects, the percentage of fixed costs was 25 percent or below, and in another 38 percent of projects there were no fixed costs (Table 6.2), meaning that all the costs were variable or that these were projects that had not incurred any costs yet. The highest fixed-cost ratios were two projects – one for delivery of technical assistance, and the other for a knowledge product.

Table 6.2. Fixed-Cost Ratios for Projects Funded by GPF

<i>Fixed-Cost Ratio (% of Grant Amount)</i>	<i>Number of Projects</i>	<i>Percentage of Total Projects</i>
0	9	38
1-25	9	38
26-50	4	17
51-75	2	8
75-100	0	0
Totals	24	100%

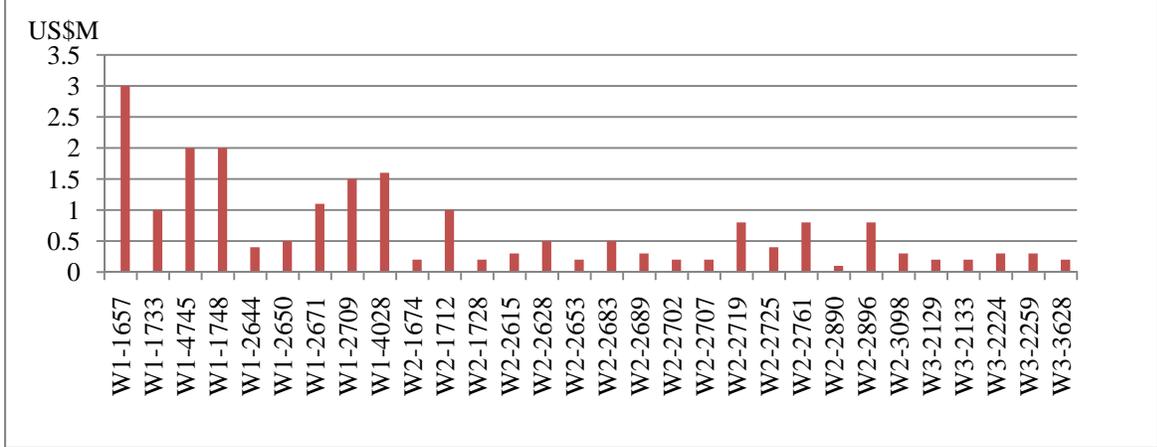
Source: Project cost data from SAP cost analysis report.

6.15 Project risks were adequately identified and assessed in nearly all of the sample GFRs reviewed, and the mitigation actions proposed were practical in the circumstances outlined in the GFR. However, there was one notable exception, in GFR 2702, which concerned a proposal for political economy analyses of agriculture, decentralization and infrastructure in Angola. Its feasibility appears doubtful, given the political constraints (as stated in the GFR) of dealing with the government. One of the mitigation measures planned to deal with the risk of negative reaction of the government to possible critical findings of the studies is to contract the studies to independent researchers and to treat the studies as not representing the official views of the Bank but as inputs to the CAS. Although one of the guiding principles of the GAC strategy is to “seek creative ways of providing support, even in poorly governed countries,” it is doubtful if the principle justifies the funding of proposals in countries where the risk of negative government reaction has to be mitigated in the way proposed in the GFR. It should be noted that the GRM for this grant rated overall progress from May 2009 to April 2010 in achieving the grant objectives as “Unsatisfactory,” because the proposed studies have been delayed due to constitutional reforms in January 2010. This made it difficult to start any political economy analysis. Delays also occurred because of administrative constraints, that is the difficulty of finding good consultants with the necessary language skills.

6.16 The cost-effectiveness of cost estimates in the sample GFRs was difficult to assess. We attempted to compare the estimated costs of various outputs shown in the GFRs with the average costs of similar Bank outputs in the VPU managing the grant. But this proved difficult because many of the outputs planned in the GFR have no similar Bank output, or are not properly quantified, or combined with other outputs. For example, one of the outputs of the proposed project in GFR 1657 (Democratic Republic of Congo) is described as: “Methodological tools for provinces designed; and new institutional architecture for service delivery established in agriculture, health and education,” with an estimated cost of \$614,000. In only two cases (W2-2702 –Angola and W2-2719-Global) were we able to establish that political economy analyses were more or less uniformly costed at around \$50,000. In addition, cost comparisons were difficult because, with one exception (GFR #2896 for Russia), the cost estimates in the sample GFRs did not include any details that would enable a reviewer to assess their reasonableness in relation to the planned activities and outputs.

6.17 Although many GPF grants involved significant amounts, we found no evidence that the GFR cost estimates had been scrutinized by the CAO Offices of the VPUs submitting the proposals. The broad issue that we flag here is that the grant amounts in Window 1 and in some cases in Window 2 were sufficiently large financial commitments over multiple years (see Figure 6.3), so that the cost estimates in the GFRs would have benefitted from scrutiny by the CAO Offices of the VPUs submitting the proposals. This is especially important because, unlike Bank budget-funded products that have unit cost norms established over a number of years, the GPF grants funded outputs (or a package of outputs) that do not have similar historical unit cost data. However, we found no evidence that the GFR process called for review of the cost estimates by the respective CAO Offices, or that the VPUs had subjected the proposals to review by their CAO Offices. In contrast, requests for Bank budgetary funding of this magnitude would be vetted by CAO Offices and thoroughly reviewed by the Corporate Planning and Analysis Department (CFRPA), before being considered by senior management.

Figure 6.3. GPF Grant Amounts for Sample GFRs



Source: Sample GFRs.

6.18 GFRs did not require mainstreaming plans to be discussed. However, the proposals under Windows 1 and 2 were required to explain how they would contribute to a GAC-specific dimension for Bank operational products in the country. A number of the GFRs specifically indicated a development objective or outcome linked to the CAS. And seven of the Window 2 and 3 proposals had as their outcomes, the broader use of the tools, websites and other outputs in the countries, sectors or themes targeted by the projects. Other than these, there was no discussion of specific mainstreaming plans in the GFRs. However, this should not be construed as a deficiency of the proposals themselves because there was no requirement in the GFRs to discuss specific mainstreaming plans. The GFRs did require though the issue of wider impact (beyond the immediate scope of the proposals) of the activities to be addressed, for example, in Window 1 and 2 GFRs, “how the proposal will contribute a GAC-specific dimension to Bank operational products in the country.” This question was adequately addressed in the sample GFRs. Examples are: the W1-1657-Democratic Republic of Congo, which included as one of the outcomes, “Procurement and financial practices in Bank projects reinforced,” and W2-2653-Uganda, which listed as one of its outcomes, “Bank operations reflect political economy concerns, and use of Actionable Governance Indicators (AGIs) mainstreamed in monitoring progress in health, education and public sector reform.”

7. Oversight and Monitoring of Governance and Anticorruption Strategy Implementation

7.1 Regional monitoring and reporting processes varied widely across the four Regions reviewed. We reviewed the implementation and monitoring structure of four Regions (AFR, ECA, MENA and SAR) that received the largest share (about 80 percent) of the incremental Bank budget in FY08 and FY09 (see Table 4.3). Collectively, these four Regions also received 58 percent of the GPF grant allocations of \$65 million made up until December 2010 (see Table 4.6). All four Regions had put in place steering groups staffed with representatives from Country Management Units (CMUs) and Sector Management Units (SMUs), and headed by a Director. The work of the ECA GAC Steering Committee was extensively documented on the ECA GAC website. It showed that the committee was very active in performing its oversight function, which also included regular reviews of GPF-funded projects. Information on the work of the steering groups of the other regions was not available, although their terms of reference were adequately described in the regional implementation plans, and supplementary information provided to us by the regions indicated that some monitoring by the steering groups of GAC activities and staffing was taking place, as discussed below.

7.2 The ECA GAC Steering Committee received (as evidenced by minutes of meetings posted on the ECA GAC website) regular briefings and updates on a range of GAC activities, including progress on GPF-funded projects. AFR provided us with a detailed monitoring report prepared in January 2009 that included the description and achievements of each project, budget data (allocations, disbursements and commitments), and references to supporting documentation such as consultants' Terms of Reference and final reports, the relationship to the CAS, and the name of the TTL. AFR staff also informed us that the region prepares monitoring reports on GAC activities twice during a fiscal year. However, such a monitoring report for a later date than January 2009 was not available for our review. MENA and SAR provided examples of presentations, briefing notes and assessments that indicated oversight of GAC activities, but it was not clear if this information was being prepared on a regular basis.

7.3 The GPF Secretariat has responsibility for monitoring and reporting progress on GPF-funded projects. This function is performed through desk reviews of GRMs, field supervision of projects, and periodic reporting on GPF implementation to the GPF Council. Thus, individual task team leaders are accountable to the GPF Council through the GPF Secretariat for the effective use of GPF funds allocated to achieve the planned outputs and outcomes. During our review of the GAC Governance Council minutes from November 2007 to March 2010, we noted also that the GPF Secretariat provided updates to the Council in May 2009 and January 2010.

7.4 The GAC Governance Council, responsible for oversight and monitoring of GAC implementation at the institutional level, acts as an information-sharing forum on GAC issues rather than as a decision-making body of senior management. Accountability is also weakened by the rotation of the Council chair's position, every four months, among the

Managing Directors. The GAC implementation plan (para. 23) described the role of the GAC Governance Council as follows:

There would be a Steering Committee or Governance Council created, to be chaired by the Managing Director. This body would be composed of high-level management representing the Regions, Networks, and other units with responsibilities for implementation of the plan. This group would meet regularly to oversee progress in implementation, to review staff and managerial incentives and their effectiveness, and to ensure participation across the institution.

Thus the Council does not have specific responsibility for managing GAC-related risks. The Council is supported by the small GAC Secretariat housed in the PREM Vice Presidency. Annual progress reports on the GAC strategy implementation, prepared by the GAC Secretariat and approved by the GAC Governance Council, are submitted to the Board.

7.5 Our review of the minutes of Governance Council meetings showed that the agenda items covered a wide range of topics reflecting the oversight role of the Council. Appendix E provides a summary of the meeting agendas and a breakdown of the numbers of attendees. However, we noted that except for one agenda item in November 2009, the Council acted as a forum for information-sharing rather than as a decision-making body. Upon request, it provided guidance on some issues.

7.6 Another noteworthy issue is the large number of non-members (20 or more for the meetings from July 2009 to March 2010) who attend the Council meetings. Based on the grade levels of the attendees and average staff costs by grade level, we estimated that each meeting of the Council cost about \$9,800 in staff time. Given the staff costs involved in such large attendance, it would be worthwhile for the GAC Secretariat to enhance cost-effectiveness of the Council meetings by disseminating the presentations and providing more detailed summaries of discussions (rather than the minutes currently prepared) soon after each meeting to senior staff with GAC responsibilities.

7.7 Accountability for use of resources to finance GAC strategy implementation is diffuse. The oversight arrangements are elaborate. There is also some evidence that regional GAC steering groups are exercising oversight (ECA offers the clearest example) of GAC activities, including those funded by the GPF-funded activities. However, we did not find evidence that AFR, MENA and SAR maintained regular reports on their GAC activities. Accountability for use of GPF resources is diffuse and is not implemented in an efficient manner. For example, there are variations among regional processes for monitoring of GPF-funded projects. The monitoring and reporting of use of GPF resources is exercised separately from Bank budget-monitoring processes and outside the regional management structure. An example of this fragmented accountability is the lack of evidence that cost estimates in the GFR proposals were vetted to the same extent as Bank budgetary requests from VPUs.

7.8 A stronger oversight and decision-making function at the institutional level would improve strategic planning, direction and accountability for GAC strategy implementation. The GAC Governance Council functions effectively as an information-sharing body on

Bank-wide GAC issues. However, its current large size and the large number of non-members attending its meetings make it a group that is not best suited to be a decision-making body. In addition to the fragmented accountability structure, we found no clear evidence that the oversight arrangements led to strategic planning and direction on the use of Bank budget and GPF resources for GAC implementation. This issue is discussed below, first with regard to the incremental Bank budget funding, and secondly with reference to the GPF competitive allocation process.

7.9 Given the large number of different operational and administrative initiatives launched under the GAC strategy, the current oversight arrangements undermine the Bank's ability to set priorities and ensure proper accountability for program results and use of resources. The Second-Year Progress Report (para. 36) alluded to the need to develop "sustainable management arrangements," but did not amplify this point. We believe that arrangements for stronger institutional oversight and decision-making are necessary to provide strategic direction and accountability for GAC strategy implementation.

8. Strategic Planning and Directions on Use of Resources

8.1 The Bank did not examine the possible need to redirect its FY07 base Bank budgetary spending on governance work in line with the GAC strategy. The Bank had a flat real budget trajectory in FY07 and FY08 and basically continued on the same path in FY09 and subsequent years. However, it was spending substantial amounts of Bank budgetary resources on governance work for many years prior to the 2007 GAC strategy and has continued spending at similar levels since then.¹⁶ There is no evidence of an assessment made in 2007, or performed since then, of a need to steer the base spending of \$152 million in FY07 – rising to \$169 million in FY10 – toward the priorities of the GAC strategy over the medium-term. From our review of the resourcing approach followed to date, we concluded that although the GAC strategy was considered critical for the development effectiveness of the Bank’s operational activities, the Bank budgetary funding of the strategy involved decisions on resourcing its implementation at the margin. This marginal approach – the allocation of Bank budget incremental funds – did not create incentives for the regions to increase their spending on governance. Moreover, although the Bank’s post-crisis strategic priorities include strengthening governance, the Board paper on the Bank’s FY11 budget reaffirmed senior management’s decision to maintain Bank budgetary funds for GAC at current levels (that is, the \$16 million Bank budget increment that was mainstreamed from FY09): “Mainstreaming of Governance and Anticorruption (GAC) work in country programs and key sectors continues through existing initiatives and funding, without any additional budget investments to operational activities at this time.”¹⁷

8.2 The Bank placed heavy reliance on greater availability of external funds to provide seed funding for a critical operational strategy. As noted earlier, the GAC strategy paper emphasized the use of “non-traditional funding mechanisms” for the Bank’s GAC work at the country level. It is likely that the context for this emphasis was provided by the rapid growth in the availability of trust funds for governance work in the years before FY07 – trust funds grew from \$25 million in FY04 to \$42 million in FY07, representing a growth from a level equaling 18 percent of Bank budgetary spending to 28 percent in that 4-year period (see Table 4.1). However, it is not clear why the VPUs could not find adequate Bank budget funds to deploy, as an alternative to the GPF, to implement the GAC strategy. If the GPF-funded work is being done only because the trust fund money became available, there is no certainty that beyond the period of GPF funding VPUs will choose to allocate Bank budgetary resources to sustain the work, particularly in an environment of flat real budgets.

8.3 In the long-term, earmarked funding (incremental Bank budget and GPF) with a defined time horizon does not provide the necessary predictability for implementing a strategy that primarily involves mainstreaming. The issue of inconsistency of the resourcing

¹⁶ The One-Year Progress Report of October 2008 referred to “substantial resources already provided for ongoing WBG work on GAC” (para. 14).

¹⁷ Source: The World Bank’s Budget: Trends & Recommendations for FY11, page 9. However, the Board paper noted (in page 9 and para. 75) the following new incremental Bank budgetary funding: (i) \$2 million to INT and other key oversight functions to strengthen GAC efforts, and (ii) \$8.3 million to AFR for FY11, which included funds to help staff the Governance and Fragility Center, “an effort that aligns closely with the post-crisis priority.”

approach with the objective of mainstreaming was clearly recognized in the Second-Year Progress Report (para. 37) , although it did not reach a firm conclusion:

From the start, the objective of GAC strategy and implementation efforts has been to mainstream GAC across the full range of WBG staff, with the understanding that ‘GAC is everybody’s business.’ By definition, mainstreaming cannot depend indefinitely on special purpose arrangements. The November 2007 GAC strategy implementation plan was geared for a three-year cycle; however, experience with other efforts at mainstreaming (for example, gender and environmental safeguards), and the current state of progress of GAC implementation, suggest that some form of special purpose arrangements will be required for the next phase of implementation as well.

8.4 In the likely flat real-budget growth scenario foreseen for the next several years, it is essential for the Bank to develop a plan on how its own substantial budget resources can be deployed to implement the GAC strategy. This is imperative as the expiry date of the GPF is approaching, and as major donor governments face increasing budget constraints that may reduce the flow of trust funds in the medium-term. Although the Bank must assess what was achieved with the GPF, most of the activities being funded by the GPF will end in 2011 or 2012, after the GPF has closed. The opening remarks by the PREM Vice President at the September 2010 Cape Town workshop on GAC in country programs underlined the Bank’s reliance on the GPF: “This critical GPF funding has enabled us to move forward far more aggressively and deliberately than might have been possible if we had been left to find resources for this new initiative in a zero-growth budget environment.” However as major donor governments face increasing budgetary constraints, this may reduce the flow of trust funds in the medium-term. This trend is recognized in the FY11 Board Budget paper (para. 7): “Although current projections for external funds remain healthy (6-8 percent growth per annum), growing budget pressures in key donor governments (particularly in Europe) are contributing to a higher degree of uncertainty on the size and predictability of Trust Fund flows than anticipated at the time of the Medium-Term Strategy and Finance paper (MTSF), creating the risk of diminished funding in FY11 and beyond.”

8.5 Results of the staff survey on GAC issues conducted by IEG did not provide conclusive evidence about the views of staff concerning the importance of resource availability for GAC implementation. Specifically, we noted:

- One-third of the staff across all regions said that the GAC implementation effort had provided access to additional resources (Bank budget and GPF), and a similar proportion said that they had used these resources; in both cases, the percentage was slightly higher for Country Office staff than for Washington-based staff.
- As a priority, adequate and sustainable funding of GAC in the longer-term, beyond the expiry of the GPF, was given a ranking of 10 by staff out of eleven priorities. This could imply that staff expect that beyond GPF expiry, resources (Bank budget and/or external funds) will become available to replace GPF funds. Alternatively, it could imply that the Bank budgetary resources deployed for GAC are adequate at this time and expected to remain stable, and therefore the expiry of the GPF is not a major concern for staff.

9. GPF Competitive Selection Process – Prioritization and Accountability

9.1 Competitive allocation of GPF funds has led to inadequate prioritization of GPF funds and weak accountability of VPUs for their effective use. The process of allocating GPF funds on a competitive basis could be justified on the theoretical grounds that it had the strongest probability of selecting the best ideas for seed funding across the Bank. However, the logic of implementing a core Bank strategy through competitive allocation of donor funds – outside of the Bank’s budgetary allocation process – could be questioned. Although the Bank’s trust fund allocations traditionally follow a process separate from that of Bank budgetary allocation, past reviews of trust fund governance, such as the Board paper on the 2007 Trust Funds Management Framework, have raised the need for better integration of Bank-executed trust funds with the planning and management of Bank budgetary funds.

9.2 As noted in the CFP-led Partnership Review Note (PRN) review of the GPF, it was one of the larger Bank-executed trust funds to be established. In this context, it is not clear whether the involvement of the VPU management teams in the formal clearance of VPU proposals, and assignment of oversight (including supervision) responsibility to VPU managers, were considered in designing the GPF processes. Such involvement would have provided better assurance of minimizing the risk of suboptimal use of resources; consistency of the proposals with the VPU-specific GAC priorities and implementation plans; greater predictability of GAC resources over the medium-term; and stronger accountability for VPUs to spend the money effectively.¹⁸ Adoption of this additional step would have also resulted in greater strategic prioritization of GPF spending, for example, by taking into account the Bank’s agenda in fragile and conflict-affected states.

9.3 In practice, the four regions established varying procedures for generation, review and clearance procedures for GPF applications. However, in our discussions with the regions, MENA and SAR expressed dissatisfaction with the lack of adequate clarity concerning the rationale underlying GPF selection decisions, particularly in the first round; disruption posed by the three rounds of GPF allocations; and the lack of consistency between regional priorities and GPF selection decisions, although MENA considered the second round to have been better managed than the first round. The mid-term review of the GPF confirmed MENA’s dissatisfaction¹⁹ with the GPF process and attributed it to a lack of convergence between the priorities of the GAC strategy and MENA’s priorities on

¹⁸ In this regard, IEG’s 2011 evaluation, *Trust Fund Support for Development: An Evaluation of the World Bank’s Trust Fund Portfolio*, stated: “The Bank’s accountabilities for trust funds are, with some exceptions, weaker than for IDA/IBRD and Bank budget financed activities, even though most trust funds finance activities closely linked with Bank programs. These accountability gaps arise where the Bank and donors have agreed to different allocation, approval, and business processes for trust funds.”

¹⁹ Source: Mid-Term Review of GPF, Interim Report, para. 108: “Two other regions, Latin America and the Middle East and North Africa (MENA), express a sense of frustration with the GPF as a whole. This is not the result of any actions or inaction on the part of the Secretariat, but rather reflects the fact that overall program design for the GPF, following GAC priorities, does not complement the priorities of two regions with very distinct governance strategies, reflecting the circumstances of a majority of countries within their respective regions.”

governance. AFR, on the other hand, expressed satisfaction with the selection process, and ECA did not express any views in this matter. Based on our review, we concluded that the GPF competitive allocation process – operating in parallel and separately from the Bank budgetary allocation process, and with no formal involvement of VPU management in setting allocation priorities – provides inadequate incentives for VPUs to monitor the cost-effective use of GPF funds and mainstream the GPF-funded work into their work programs and, potentially, make Bank budgetary allocations following the completion of the GPF.

10. Activities Funded and Results Achieved from Incremental Bank Budget and GPF

10.1 Adequate information was available about the activities funded by GPF, but it is too early to conclude if their planned outputs and outcomes will be achieved. We attempted to determine what activities the incremental Bank budgetary and GPF resources were used for and what results were achieved from these activities. In the case of the GPF, the GFRs provided adequate information on the activities funded (see Appendix D for details). As most of the activities had completion dates of 2011 or 2012, they were still a work-in-progress when the GRMs were prepared at the end of April 2010. Therefore, it was too early to assess if the planned outputs and outcomes will be achieved. This situation was also reflected in the Results Framework included in the Second-Year Progress Report, which included only three references to activities funded by GPF: (i) funding of CGACs; (ii) infrastructure GAC squad and knowledge and learning program for strengthening GAC in Human Development operations; and (iii) initiatives focused on the demand side of governance and institutions of accountability.

10.2 Information on activities funded by incremental Bank budgetary resources was piecemeal and not up-to-date. We did not find it possible to identify the full set of activities funded by incremental Bank budgetary allocations in FY08-10. The main reason was that there was no available source of complete information on these activities. We found a lack of evidence that three of the four regions reviewed were regularly and uniformly monitoring the progress of their GAC work funded by Bank budgetary resources or the GPF. Therefore, we used the regional GAC implementation plans as a point of reference and collated the information available (see Appendix F) from the following sources on Bank budget-funded (as well as GPF-funded) GAC activities: GPF Secretariat; One-Year Progress Report (for FY08 GAC-in-projects); Regional monitoring reports, where available; and supplementary information provided by the four Regions for this review. As the available information was partial and not up-to-date, it was not possible to determine fully what was funded and delivered through the use of the incremental Bank budgetary resources. In this regard, the Second-Year Progress Report acknowledged that “neither the total existing stock of the World Bank Group’s GAC work nor all GAC-related innovations over the past year can be attributed to implementation of the 2007 Strategy.” We noted also that the Results Frameworks in the One-Year and Second-Year Progress Reports made only one mention of activities funded by incremental Bank budgetary resources – the 27 CGACs.

10.3 As the above review was seriously constrained by the quality of available information, we could not draw any conclusion regarding the linkage between the resources used, activities funded and results achieved. Also, the issue of which GPF-funded activities (see details in Appendix D) were different from the GAC work carried out by the Bank before the GAC strategy was beyond the scope of this review. The desk reviews and field visits included in the IEG evaluation are likely to provide more effective means of addressing this question, as well as assessing the results of all activities (both Bank budgetary and GPF-funded) undertaken to implement the GAC strategy.

11. Governance and Anticorruption Staffing and Skills

11.1 A strategic staffing exercise in FY09 identified the need for 64 new and redeployed GAC staff. In the One-Year Progress Report (Annex A), it was noted that as required in the Implementation Plan, the GAC Secretariat had undertaken a strategic staffing exercise, including a needs assessment of all Country Directors, Country Managers and Sector Boards on staffing and skills gaps. Based on this exercise and guidance provided by the GAC Governance Council, Operational Vice Presidents (OVPs) had prepared detailed strategic staffing plans, which showed that a total of 63.5 new and redeployed positions were planned with funding from incremental Bank budgetary resources (\$3.8 million) and redeployed VPU budgets (\$8.4 million).²⁰

11.2 Data provided to us by the GAC Secretariat showed that out of the above total of 63.5 new and redeployed staff, the staffing plans of the four regions reviewed (AFR, ECA, MENA and SAR) were as shown in Table 11.1. Also shown in the table is the actual staffing in the four regions as of July 2010, according to information provided. These staffing efforts served to offset reductions in this high-level complement within the PREM public sector family during the years preceding the launch of the GAC strategy. ECA informed us that it had adopted an alternative approach to mainstreaming GAC, involving training all regional staff rather than recruitment of dedicated GAC staff.

Table 11.1. Planned & Actual GAC Staffing (GF & Above) – AFR, ECA, MENA & SAR

<i>No. of Staff by Location</i>	<i>AFR^{a/}</i>		<i>ECA^{c/}</i>		<i>MENA^{d/}</i>		<i>SAR^{e/}</i>	
	<i>Planned</i>	<i>Actual^{b/}</i>	<i>Planned</i>	<i>Actual^{b/}</i>	<i>Planned</i>	<i>Actual^{b/}</i>	<i>Planned</i>	<i>Actual^{b/}</i>
Washington	1GH, 2GG, 1GF	2GH, 3GG, 2GF			2GG, 1GF, 1ETC	1GH, 1GG, 4ETC	1GH, 4GG	3GG
Field – Local ^{f/}	4GF	1GH, 2GG, 3GF				3GG	3GG, 3GG/GF, 2GF	3GH, 9GG, 1ETC
Field – Int. ^{f/}	1GF, 6GG				1.5GG		1GH, 6GG	
Totals	15	13			5.5	9	20	16

Sources: GAC Secretariat and Regions.

a/ Includes 1GG and 1GF who jointly manage the GAC program from Washington, and other staff who participate substantively in GAC program delivery and advice.

b/ Grade levels in "Actual" column assumed based on position titles: Lead Public Sector Specialist – GH; Senior PS Specialist and Senior Economist – GG; PS Specialist, Governance Specialist, Operations Officer, and Young Professional – GF.

c/ ECA specifically decided to make GAC work the responsibility of all of its staff and, accordingly, did not create any dedicated positions for GAC.

d/ Includes only staff in MNSPS. Information for other MENA units was not readily available.

e/ SAR GAC staffing also includes five Program Assistants (GC) and one Operations Analyst (GE) in the field.

f/ Information provided to us by the regions did not distinguish between field – local and field – international appointments.

²⁰ Of the total planned redeployments of \$8.4 million, the regions planned to redeploy \$7.4 million (see Appendix 1, Table A2), and the remaining \$1 million was planned by PREM, SDN and DEC.

11.3 Table 11.1 shows that actual GAC staffing was quite close to planned staffing (38 versus 40.5), but that the grade mix of actual staffing was somewhat higher than planned staffing (seven GH versus three planned, 21 GG versus 27.5 planned, and five GF vs. nine planned). Three of the additional GH positions were located in Country Offices (two in SAR and one in AFR). Regarding sources of funding, we noted that the GPF was used by AFR to fund one GG position and one GF position in the field and by SAR to fund one ETC position in the field. MENA did not provide details of the sources of funding for its GAC staffing. With this caveat, we found no significant issue regarding sustainability of funding in the event the GPF is terminated.

11.4 The above data on redeployed and new positions provides only a partial view of the Bank-wide staff efforts for GAC. The more relevant but missing information is the extent to which regional staff at large (and, more broadly, OVP staff) are devoting time to GAC elements in their work. This information is not captured by the Bank's time recording system, although as discussed earlier, the resources spent (aggregate of Bank budget, reimbursables and BETFs) on governance-related work is much larger than the incremental and redeployed Bank budgetary funds (see Table 4.1). A true picture of Bank-wide staff time on GAC work will only emerge if GAC work is defined and captured across all operational activities funded by the total spending as shown in Table 4.1.

11.5 Development of a Competency Framework for public sector and governance specialists (part of a Bank-wide exercise) is under way and is expected to be completed in early 2011. We reviewed the progress in developing "competencies" for Bank-wide public sector and governance-related positions. Competencies are the set of knowledge, skills and observable behaviors necessary for successful performance in a job. The competencies are expected to: (i) focus learning and staff development on critical job requirements; (ii) increase transparency in staffing decisions through the use of standard job-specific criteria (while allowing a degree of flexibility to managers); and (iii) help staff to manage their careers and increase fungibility. The development of competencies for public sector and governance-related positions is part of the competency framework development exercise for the Bank's job families, which is a joint effort by Human Resources Vice Presidency (HRS) and Sector Boards.

11.6 In addition to the competency requirements for public sector positions, additional technical competencies are being considered for governance staff consisting of Specialists, Senior Specialists, Lead Specialists, Advisers and Senior Advisers. These competencies include the following governance knowledge and experience requirements, with progressively greater knowledge and background in governance issues for the more senior positions: experience of analytical, learning, and/or operational work in two or more governance-related areas, including governance and anticorruption; asset recovery; demand side of governance; accountability and oversight institutions; access to information; and political economy. These requirements are subject to review and approval by the Public Sector Governance Board, and this work, we understand, is under way. The expected completion date of the competency development exercise for public sector and governance-related positions is early 2011.

11.7 Substantive differences between the competencies being developed and the skill-sets currently required to perform governance work are unclear.²¹ We reviewed the job descriptions of three positions in PREM's Public Sector Governance Group (PRMPS) for which recruitment was conducted in September-October 2009; these positions were one Adviser (Governance and Public Sector) and two Senior Public Sector Specialists. The job description of the Adviser position stated that the incumbent would "assist in developing a renewed approach for providing World Bank support for public sector reforms that improve performance and accountability in the delivery of services and in the use of public funds." The duties and accountabilities of one Senior Public Sector Specialist position included "preparation and dissemination of good practice materials on how to address governance and political economy constraints to development effectiveness." The duties and responsibilities of the other Senior Public Sector Specialist position stated that the incumbent would "play a key role in developing and delivering PREM's work on institutional aspects of governance and public management reform, with a specific focus on public finance and public financial management (PFM)." From these job descriptions it appears that the competencies being developed represent an attempt to formalize and articulate the current skills requirements, rather than to delineate new skills.

11.8 Skills enhancement for GAC work has received significant and sustained management attention. This is evidenced by the implementation plan, the two progress reports and the regional implementation plans and learning approaches. The implementation plan stated that: "Re-skilling of staff, especially those in sectors, can help to increase capacity to address GAC issues, and training courses will therefore be developed on this, as well as on better linkages with existing courses, such as ethics training." The One-Year Progress Report (paras. 91-93) discussed GAC skills at greater length. It stated that:

As GAC mainstreaming accelerates, alleviating skill and knowledge constraints has emerged as a frontier challenge. A large number of staff will need to have the skills to identify and address GAC constraints. More investment will be needed to monitor and assess the results of GAC work. Recruitment and redeployment alone cannot fill the skills gap – partly because the requisite skills are not readily available externally, and partly because 'mainstreaming' requires more across-the-board proficiency in how to incorporate GAC into the full range of Bank products.

The report further stated that "an important priority for the second year of GAC implementation is to design and implement a structured learning program for governance." In the Second-Year Progress Report (paras. 82-87), the discussion of the work under way and plans for the third year of implementation covered: (i) lack of recent efforts to coordinate the disparate GAC learning initiatives of different Bank units; and (ii) a consolidated approach

²¹ As of February 2011, a working group on Public Sector Governance (PSG) Staffing, Incentives and Organization is examining the following issues but has not yet formulated specific recommendations: (i) how to adapt staff skills profiles to meet public sector management (PSM) business needs through training of current staff and recruitment of more mid-career professionals; and (ii) how to strategically manage scarce skills (for example, civil service, revenue administration, judicial reform). With regard to the adaptation of staff skills, it is not clear whether the working group will examine the effectiveness of the strategic staffing exercise and current learning initiatives, and the feasibility of recruiting more mid-career professionals in light of the earlier assessment (in the One-Year Progress Report) that the needed skills are not readily available externally.

that would include a knowledge platform, training materials, on-line and other delivery methods, centralized quality management and monitoring, and a new generation of social collaboration tools. The following goals for the third year of implementation were listed in the Second-Year Progress Report:

- Have the knowledge platform up and running, with a target of 8-12 core courses delivered and available online in a user-friendly format, each built into a comprehensive online knowledge and social collaboration resource, and each underpinned by a vibrant community of practice; and
- Clarifying which portions of the training program should be mandatory.

11.9 Cost-effectiveness of GAC learning programs – whether funded by Bank budgetary resources or trust funds – should be emphasized. As with all learning programs operated in the Bank, as well as in other institutions, it is important to focus on the results and cost-effectiveness of the GAC learning programs being developed and managed by PREM and other VPUs. This requires attention to the following aspects:

- Coordination of centralized and decentralized learning, picking up on best practices for cost-effectiveness, including attention to demand and skill requirements emerging from the new competencies. With regard to demand, we noted, for example, that PREM learning events in the past did not attract many non-PREM staff.
- Rigorous cost-benefit justification to be required of new websites and continuation of existing websites following the GAC Portal becoming operational. In reviewing the sample of 30 approved GPF grants, we found that four proposals – at a total estimated cost of \$392,000 – to create two new websites (W2-1712 and W3-2259), a knowledge and learning platform (W3-2224), and a web-based database (W2-1674) were part of the approved activities for GPF funding.
- Greater use of on-line delivery methods to reach staff in the field.

12. Main Conclusions

12.1 The following represent the main conclusions from this review:

- a. Although the GAC strategy was considered critical for the development effectiveness of the Bank's operational activities, the Bank did not plan to redirect its FY07 base Bank budgetary spending of \$152 million on governance work – as needed – in line with the strategy. Instead, the funding of the strategy involved decisions on resourcing its implementation at the margin. This marginal approach – the allocation of earmarked incremental funds – did not create incentives for the Regions to increase their spending on governance. Moreover, although the Bank's post-crisis strategic priorities include strengthening governance, senior management has reaffirmed (as evidenced by the Board paper on the Bank's FY11 budget) its decision to maintain Bank budgetary funds for GAC at current levels.
- b. The Bank placed heavy reliance on greater availability of external funds to provide seed funding for a major operational strategy. But it is not clear why the VPUs could not find adequate Bank budgetary funds to deploy for implementing the GAC strategy. However, if the GPF-funded work is being done only because the trust fund money became available, there is no certainty that beyond the period of GPF funding VPUs will choose to allocate budget resources to sustain the work, particularly in an environment of flat real budgets.
- c. An incremental resourcing approach is not consistent with a strategic change initiative such as GAC because in the long-term, earmarked funding (incremental Bank budgetary resources and the GPF) with a defined time horizon does not provide the necessary predictability for implementing a strategy that primarily involves mainstreaming. This issue of inconsistency of the Bank's resourcing approach with the objective of mainstreaming was clearly recognized in the Second-Year Progress Report of October 2009, although it did not reach a firm conclusion.
- d. As the expiry date for the GPF is approaching, there is thus far no corporate strategy for funding GAC work on a sustainable basis beyond that date. As major donor governments face increasing budgetary constraints, this may reduce the flow of trust funds in the medium-term. In view of the likely flat real budget growth scenario for the next several years, it is imperative for the Bank to develop a plan on how its own substantial budgetary resources can be deployed to implement the GAC strategy.
- e. As part of a medium-term GAC resourcing plan, it is necessary for the Bank to prioritize the areas of strategy implementation – taking into account client needs and demand – that require funding through redeployment of existing budgets over this period. Essentially, a top-down approach directed by senior management is needed to redeploy the large base of Bank budgetary spending in line with the identified priorities for strategy implementation.
- f. The logic of implementing a core Bank strategy through competitive allocation of GPF funds – outside of the Bank budgetary allocation process – is questionable as it provides limited assurance (compared with the Bank budget) of prioritization of funding and accountability for the use of funds. In case GPF funding becomes

- available for GAC Phase 2, the planning, allocation, monitoring and reporting of GPF (as well as other BETFs) could be strengthened through integration with the Bank budget, building on the 2007 Trust Funds Management Framework. This would require: (i) the direct involvement of the VPU management; and (ii) synchronization of GPF allocations with the Bank budget and Work Program Agreement (WPA) processes. The integration would enhance prioritization and transparency of GPF funding in response to the GAC strategy and VPU-specific priorities; predictability of resources over the medium-term; and stronger accountability for the VPUs to spend the total available resources in a cost-effective manner.
- g. The GAC Governing Council serves primarily as an information-sharing forum rather than as a senior management body for providing strategic direction and oversight. A stronger oversight and decision-making function at the institutional level would improve strategic planning, direction and accountability for GAC strategy implementation.
 - h. The Bank would benefit from stronger accountability at the institutional and VPU levels for resource use for its corporate strategic priorities, such as GAC work. With regard to GAC, such an accountability system would require a consistent organizational structure for monitoring by VPUs; definition of “GAC work;” and systematic tracking of spending, staff time and deliverables for GAC work covered by the various funding sources.
 - i. Cost-effectiveness of GAC learning programs – whether funded by the Bank budget or trust funds – should be emphasized. As with all learning programs operated in the Bank, as well as in other institutions, it is important to focus on the results and cost-effectiveness of the GAC learning programs being developed and managed by PREM and other VPUs.

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Appendix A. Regional Spending on Governance Work – Data Tables and Other Information

Table A1 provides the breakdown – by Region and the other VPUs – of Bank budget spending on governance shown in Table 1 in the main paper. As can be expected, the large majority of the Bank’s spending on governance work occurs in the Regions, amounting to 80 percent of total spending in FY10. Table A1 also shows the following trends:

- Spending has increased in all Regions except ECA since FY04, with much of the increase taking place in FY08-10.
- The Regions as a whole have increased their spending at a rate below the Bank average, both over the 7-year period and since FY07. Within this overall pattern, EAP, MENA and SAR have increased their spending significantly since FY04, with MENA registering the highest percentage increase since FY07.
- In terms of governance spending in FY10 as a percentage of the FY10 budget, ECA and EAP spent more than other Regions, while AFR spending was below average.

Table A1. Resource Allocation for Governance Work – Bank Budgetary Spending for FY04-10^{a/} (US\$ Million)

VPUs	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Increase FY04	
								to FY10 (%)	FY10 Spending as % of FY10 Budget ^{b/}
AFR	31	31	31	32	36	35	35	13	11
EAP	15	15	17	18	18	19	20	33	14
ECA	28	28	30	29	27	27	27	(4)	16
LCR	20	21	21	21	22	22	22	10	13
MENA	9	9	8	8	9	13	13	44	13
SAR	12	13	15	16	16	18	18	50	13
Total Regions	115	117	122	124	128	134	135	17	13
Other VPUs^{c/}	25	21	25	28	30	31	34	36	10
Total Bank	140	138	147	152	158	165	169	21	12

Source: Data provided by CFRPA.

a/ Numbers may not agree with Table A3 due to rounding-off.

b/ Percentage figures calculated based on FY10 budget shown in World Bank’s Budget – Trends and Recommendations for FY11, Annex F.

c/ Network and other operational units, INT and LEG.

Bank Budget – Planned Incremental Funding and Redeployment

We gathered the following information on redeployment from the sources noted below.

- (a) The One-Year Progress Report (Annex A) stated that the regions had supplemented the \$1.9 million incremental Bank budgetary funding provided for GAC work in projects with \$1 million from their own budgets.
- (b) MENA provided information on its incremental Bank budgetary funding for GAC as follows: FY09: \$2.6 million and FY10: 2.3 million.²² SAR's Implementation Plan noted that the Region had significantly increased redeployment of Bank budgetary resources in support to GAC work; subsequent information provided by SAR showed the following incremental Bank budgetary funding: FY08: \$1.3 million; FY09: \$1.1 million; and FY10: \$0.5 million.²³
- (c) The GAC Secretariat provided the information shown in Table A2 about regional plans for redeployment of base budgets for critical staffing needs. With the exception of SAR, the planned redeployments did not represent significant amounts, relative to the FY08 budgets of Regions which totaled \$1.05 billion.²⁴

Table A2. Planned Regional Redeployments for Staffing – FY09

<i>Region</i>	<i>Redeployment (US\$ Million)</i>
AFR	1.3
EAP	0.4
ECA	-
LCR	0.1
MENA	0.6
SAR	5.0
Total	7.4

Source: GAC Secretariat

²² Source: MENA GAC Scale-Up Activities, Report on Current Status, October 2009.

²³ Source: SAR CAO's Office. The SAR CAO's Office also provided information that FY10 WPAs showed planned complementary Bank budgetary funding of \$0.5 million for GPF-funded projects, which is additional to the \$0.5 million incremental funding.

²⁴ Source: FY11 World Bank Budget Paper.

Table A3. (Data Table for Figure 1 and Figure 2 in Main Text) Regions' Redeployment for Governance Work – FY08-10 (US\$ Million)

<i>Region</i>	<i>FY08</i>			<i>FY09</i>			<i>FY10</i>		
	<i>Gross Change in Bank Budgetary Spending</i>	<i>Incr. Bank Budget for Region</i>	<i>Net Change</i>	<i>Gross Change in Bank Budgetary Spending</i>	<i>Incr. Bank Budget for Region</i>	<i>Net Change</i>	<i>Gross Change in Bank Budgetary Spending</i>	<i>Incr. Bank Budget for Region</i>	<i>Net Change</i>
AFR	4.0	1.6	2.4	(1.4)	2.6	(4.0)	0.5	2.6	(2.1)
EAP	(0.2)	0.9	(1.1)	0.8	0.8	-	0.8	0.8	-
ECA	(1.9)	0.9	(2.8)	0.2	0.9	(0.7)	-	0.9	(0.9)
LCR	0.8	0.7	0.1	0.2	0.5	(0.3)	-	0.5	(0.5)
MENA	0.8	0.9	(0.1)	3.9	2.0	1.9	-	2.0	(2.0)
SAR	(0.2)	1.0	(1.2)	1.9	1.0	0.9	0.8	-	0.8
Total	3.3	6.0	(2.7)	5.6	7.8	(2.2)	2.1	6.8	(4.7)

Source: Data provided by CFRPA. Incremental Bank budget as per Table 3 of main text.

Appendix B. Governance Partnership Facility (GPF)²⁵

Objectives and Structure

The GPF is a multi-donor trust fund of \$65 million (current value of dollar and non-dollar contributions), contributed by the United Kingdom, the Netherlands and Norway. Initial contributions by the three donors were: U.K., GBP 30 million; Netherlands, Euro 10 million; and Norway, Norwegian Kroner 50 million. The GPF was established in July 2008 as a partnership mechanism for the donors to support the implementation of the GAC strategy, and for the Bank to strengthen its efforts to scale up its engagement in governance.

The objectives of the GPF were to support: (i) programs that address country-level governance impediments to development; (ii) initiatives in frontier areas of governance work, including demand-side governance, political economy analysis, and enhanced accountability of institutions for development outcomes; and (iii) shared learning, better knowledge management and monitoring of results.

The GPF was intended to create new incentives for governance work by the Bank through financing: (i) a portion of Bank staff and operating costs for implementation of CGAC business plans in selected countries; (ii) up to 100 percent of Bank staff and related costs of frontier work; and (iii) the cost of learning and research on governance that is shared with developing countries and donor partners. The timeframe for GPF disbursements was fixed as FY09-12, with final commitments anticipated at the end of FY10.

Four windows were created within the GPF to finance programs that aimed to achieve its objectives. Three of the windows were focused on funding primarily Bank-executed activities: Window 1 on the country level; Window 2 on frontier GAC areas at the country level; and Window 3 on global/regional knowledge and learning programs. A fourth window was meant for grants to external entities, such as NGOs, for undertaking recipient-executed activities that mainly support demand for good governance. Window 4 was not opened to independent requests for funding from non-Bank entities; instead, proposals for funding civil society engagement through the window were to be included in applications and reviewed as part of the approval process for the other three windows. Our review covered the Windows 1, 2 and 3.

To manage and implement the GPF, the following structure was established: (i) a Governance Partnership Council (GPC) to provide strategic guidance; (ii) a Standing Review Committee (SRC) to carry out project selection; and (iii) a Secretariat to perform executive support functions. The GPC includes representatives of the Bank and donors, and is co-chaired by the PRMVP and a high-level representative of the largest donor (U.K.). A key responsibility of the GPC was to endorse the criteria for project selection. The GPF Secretariat was created as a unit separate from the GAC Secretariat, in order to ensure focus on GPF functions, but the two secretariats were housed in PRMPS to ensure cohesion with other GAC activities. The functions of the GPF Secretariat include the prescreening of proposals for GPF funding and organizing peer reviews before their submission to the SRC, including review of their

²⁵ Source: GPF Program Document (October 9, 2008).

compliance with the Bank's mandate and consistency with the GAC strategy and GPF selection criteria. The responsibilities of the GPF Secretariat also include monitoring the implementation of approved grants. The SRC's primary function is to review proposals pre-cleared by the Secretariat and select projects for GPF funding on a competitive basis. The SRC is chaired by the Bank's Governance Director, and consists of eight senior-level governance experts from the Bank and donors. To ensure that donor participation in the SRC does not create conflicts with the Bank's mandate and responsibility for implementing the GAC strategy, the following arrangements are in place: (i) the Bank appoints five members of the SRC and the donors collectively appoint another three members; and (ii) individual SRC members do not have veto power over its decisions.

Selection Criteria

The GPF Program Document (version of October 9, 2008) set out detailed criteria against which proposals for the Windows 1, 2 and 3 would be assessed. The criteria for all 3 windows required the following to be addressed in the proposal: impact on Bank operations; building Bank capacity for GAC work; and consultation with donors, other development partners, government and other stakeholders in project design.

The selection criteria for Window 1 included: (i) alignment with the country's governance and political realities; (ii) innovative efforts to further engagement and ownership with client counterparts/government on GAC issues as part of the broader policy dialogue; and (iii) programs in countries where the government has demonstrated strong ownership of the agreed program.

Window 2 criteria included activities that: (i) "stretch the frontiers" of governance work by the Bank; (ii) focus on key entry points and interventions; and (iii) help in developing the CAS; and (iv) would be a building block for CGAC strategy.

The selection criteria for Window 3 included: (i) development of operational knowledge that development practitioners can find useful; (ii) direct responsiveness to country-based operational concerns; and (iii) building of linkages between communities of practice within the Bank.

Appendix C. GPF Review – Sample Selection Methodology

The GPF Secretariat provided us with a list of 89 projects approved or nearing approval as of end-May 2010. From this list, we excluded 33 projects that were either approved since April 2010 and have a very small portion of the grant amount disbursed as of the date of sample selection, or represent projects still to be approved. The remaining 56 projects constituted our population and had total grant commitments of \$36 million (59 percent of total approved grants of \$61 million as of October 2010). A sample of 30 projects (see Table C1 below) was selected from this sample by using the following 2-step sampling approach:

- Step 1: Pick all projects of countries which are part of Level 2 analysis (CGAC and all Window 1 countries) as explained in the IEG Approach Paper (para 33); there are 13 projects covering Level 2 countries, including two projects where at least one Level 2 country is represented.²⁶
- Step 2: Randomly select 17 projects out of remaining population size of 43 (56 projects less the 13 projects selected in step 1), with adequate representation of:
 - *Sectors and Regions* – Network Anchors and Regions;
 - *Grant size* – grants above \$500,000;
 - *Disbursement pace* – grants were classified into three groups, depending on the percentage of commitments already disbursed: up to one-third, between one-third and two-thirds, and more than two-thirds; and
 - *Grant windows* – representation of Windows 1-3.

²⁶ Some projects cover a group of countries.

Table C1. Governance Partnership Facility – Grant Funding Requests (GFR) Selected for Review

GFR	TF Number	Fund TTL Name	Vol rows	Fund Name	Country	GPA	Fund YFU Fund	Sum of Grant Amount USD
2827	TF03242	Antonius Verbeijen	1	W1-Democratic Republic of the Congo	CRC	2.1	AFRVP	1,000,000
1708	TF04276	Vikram Anand	1	W1-Nepal	Nepal	3.0	SARVP	1,000,000
4748	TF01148	Kipili Kipoor	1	W1-Zambia	Zambia	3.1	AFRVP	1,000,000
3961	TF03088	Christopher Fisch	1	W1-Mongolia	Mongolia	3.4	SAPVP	1,000,000
2844	TF03204	Saïe Kumerikama	1	W1-Liberia	Liberia	2.8	AFRVP	400,000
2880	TF04822	Christine de Maria Rosaria	1	W1-Haiti	Haiti	2.8	LCRVP	300,000
2871	TF04834	Selma Y. Sotiron	1	W1-Serbia Paso	Serbia Paso	3.7	AFRVP	1,100,000
2703	TF03281	Alayson D. Shell er	1	W1-Philippines	Philippines	3.1	SAPVP	1,300,000
4828	TF03812	Antonius Verbeijen	1	W1-Uganda	Uganda	3.1	AFRVP	1,000,000
2674	TF03881	Gladya Lopez-Acevedo	2	W2-Domestic Accountability in Fragile Settings (PRS Monitoring)	Global	n.a.	FRANVP	200,000
1712	TF04331	Vikram K. Chand	2	W2-Right to information in South Asia	SA	3.1	SARVP	1,000,000
1728	TF03890	Austabha Ambherjee	2	W2-SEA NET-PNL Network	SEA	3.4	SCAVP	220,000
2818	TF03226	Rodrigo Serrano-Serth et	2	W2-Local Public-Private Partners for Crime and Violence Prevention	LCR	3.1	LCRVP	220,000
2828	TF04847	Sujeev Ahluwalia	2	W2-SAC Initiatives for Development Effectiveness in South Sudan	South Sudan	2.1	AFRVP	300,000
2841	TF04440	Antonius Verbeijen	1	W1-Governance in the New Uganda CAU	Uganda	4.1	AFRVP	110,000
2827	TF04881	Sajee Shabih Ali Mohib	2	W2-Strengthening the External Accountability Framework in Thailand	Thailand	3.8	SAPVP	300,000
2888	TF04820	Sarah Kean er	2	W2-Mozambique: Improving Voice and Accountability	Mozambique	3.4	AFRVP	770,000
2703	TF04828	Kjetil Hansen	2	W2-Political Economy Analysis of three sectors in Angola	Angola	2.4	AFRVP	170,000
2707	TF04882	Claudia Hualf	2	W2-Strengthening the Governance and Anti-Corruption Agenda in Djibouti	Djibouti	2.8	MNAVVP	220,000
2718	TF04888	Sanjev Agarwal	2	W2-Public Expenditure Management Reform	Global	n.a.	SOHVP	720,000
2728	TF04829	Valood Abdi/Mamad Rejman	2	W2-Strengthening Governance, Transparency and Accountability in Kenya	Kenya	3.1	AFRVP	320,000
2781	TF04712	Hajj Benhabib	2	W2-Improving Governance in Social Services Delivery in Morocco	Morocco	3.8	MNAVVP	720,000
2803	TF03086	Sebastian Altrichter	2	W2-Measurement of indicators of Gov. in Health Delivery	Global	3.1	ICRVP	300,000
2886	TF04828	Nicolas Parin	2	W2-Institution of ActU Office of the Ombudsman	Swiss Federation	3.4	SCAVP	720,000
3088	TF03077	Tam Minh Le	2	W2-Governance and PMA for Engagements in Resource Rich Settings	Global	n.a.	AFRVP	300,000
2128	TF04811	Shamela Mwanji	3	W1-Governance and Civic Engagement: A Field Experiment	Pakistan	3.0	ICRVP	220,000
2178	TF04710	Robert Pomeroy	3	W1-Regional Learning Program for Operationalizing RAC in the Africa Region	AFR	3.1	AFRVP	170,000
3028	TF03078	Anupama Debansya	3	W1-Knowledge Development on Access to Information Reforms	Global	n.a.	FRANVP	200,000
2224	TF04877	Aali Gurina	3	W1-Strengthening L&K Networks in Support of Demand-Side Governance	Global	n.a.	SOHVP	300,000
2228	TF03820	John Ivar Samley	3	W1-SACU Projects Peer Learning	Global	n.a.	OPHVP	300,000
								21,280,000

Source: Governance Partnership Facility (GPF), data filed to HBS on October 2022; and SAP Post Monitoring Tools, as of October 2022.

Appendix D. Review of GFR Sample: Development Objectives, Outcome Indicators & Planned Outputs

Note: Development objectives and outcome indicators that include specific mention of how they linked to the CAS, as discussed in para. 43 of the main text, are highlighted in blue. Examples of outcome and output indicators considered to be monitorable, as discussed in para. 46 of the main text, are highlighted in green. Examples of indicators that are not considered adequately monitorable are highlighted in yellow.

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
1.	W1-1657	Democratic Republic of Congo	Effective implementation of government's Governance Compact, with emphasis on decentralization and PFM.	<ul style="list-style-type: none"> • Sector policies in education, health, agriculture, water, transport and two further selected areas fully aligned with decentralization and PFM agendas and effectively applied. • Contracting practices in management of natural resources overhauled to reflect enhanced standards of transparency. • Improved quality of PFM as highlighted by Public Expenditure and Financial Accountability (PEFA) ratings. • Provincial authorities correctly manage transferred budgets and human resources. • Procurement and financial management practices in Bank projects reinforced, as reflected in improved average Implementation Status and Results (ISR) and IEG ratings in these areas. 	<ul style="list-style-type: none"> • Methodological tools for provinces designed; and new institutional architecture for service delivery established in agriculture, health and education (\$614,000). • Four further sector governance diagnostic studies and tailored action plans delivered; Bank projects in sectors reflect governance constraints; service delivery arrangements reformed (\$568,000). • Impact assessment report on mining contract review; enhanced government capacity on contract management; political economy analysis in forestry and security sectors (latter contingent on security situation), and independent monitoring capacity in these sectors established (\$675,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
					<ul style="list-style-type: none"> • Advisory reports, draft concepts and draft legal texts, as required, on the decentralization and PFM agenda; methodological tools for roll-out; budget implementation monitoring reports (\$332,000). • Necessary legal instruments to apply PFM regulations adopted in all provinces; provincial development plans adopted reflect the results of the political economy analysis of obstacles to growth study to be conducted in one province (\$459,000). • All Bank projects include a GAC plan; at least 5 major projects include advanced civil society monitoring arrangements (\$353,000).

APPENDIX D

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
2.	W1-1733	Nepal	Mainstream governance and accountability issues within programs and sectors and expand Bank support to governance reform in Nepal. Work program envisaged in the proposal emerged out of consultations carried out during the drafting of a CGAC in 2008.	<ul style="list-style-type: none"> • Governance risks in Bank-supported programs better identified and mitigated. • Constituent Assembly members receive information and knowledge on international experience related to priority sectors. • Options for improving core structures of state developed. • Framework for mainstreaming social accountability tools developed for Bank-supported projects. 	<ul style="list-style-type: none"> • Governance and Accountability Action Plans exist for all new and high-risk projects; corruption mapping completed for two sectors; Governance and Accountability Assessment for health sector completed. • Policy notes responding to Constituent Assembly needs on federalism and institutions of accountability; workshops with Assembly members. • Policy notes on civil service pay and incentives and public enterprises provided to Administrative Restructuring Committee and disseminated; strategic reviews for two services undertaken. • Social Accountability toolkit developed for the Nepal Country Team; policy note on operationalizing social accountability tools in national monitoring systems completed.

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
3.	W1-1747	Zambia	Assist the Government of Zambia to maximize the development impact of its programs and policies by implementing initiatives that support increased accountability for results, greater transparency and access to information, more effective oversight over development programs and enhanced citizen voice and participation.	<ul style="list-style-type: none"> • Zambia becomes an Extractive Industries Transparency Initiative (EITI) compliant country and puts in place governance structures for managing mining sector revenues and expenditures, which implies implementing the EITI ++ agenda. • Increased transparency and oversight in the roads sector through disclosure mechanisms and multi-stakeholder involvement in tendering, implementation and community participation in road management. • Improved financial management as a result of implementing Integrated Financial Management Information System (IFMIS), procurement and payroll management. • Increased transparency in the flow of information, resulting in stronger community oversight and demand for good governance. • Zambia Office Governance and Anticorruption Council emerges as an in-house resource to support and guide TTLs and teams in incorporating CGAC issues in all our operations. 	<ul style="list-style-type: none"> • EITI scoping study; Technical Assistance on Mining Tax Revenues and Mining Tax Audit; Technical assistance on development and management of Sovereign Wealth Funds; Public Expenditure Review. • Construction Sector Transparency Initiative (COST) work plan, procedures and guidelines for roads sector; COST implementation in the Roads Sector Adaptable Program Loan (APL). • IFMIS implemented in all line ministries by 2012; procurement legislation passed; National Appeals Tribunal established; payroll system implemented. • Draft of Freedom of Information bill; design and implementation of an information and communication program for rural communities. • Strengthened capacity (ZGAC) within Zambia program to provide governance-related guidance to TTLs and task teams.

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
4.	W1-1748	Mongolia	Assist the country in better managing its mineral endowment, the first pillar of the Bank's new Interim Strategy Note, by operationalizing the findings of a recently completed CGAC assessment.	<ul style="list-style-type: none"> • Public satisfaction with quality of media/public information related to mining sector. • Policy options to improve fiscal sustainability in management of mining revenues defined and widely debated. • Analysis/dialogue on options to improve infrastructure maintenance and public investment program. • Percentage of respondents who say that state mining policy is fair, supports the middle class and the poor. • Practical social accountability tools (report cards, expenditure tracking surveys, participatory budgeting) introduced. • Policy reforms to improve transparency/accountability related to mining policy and PFM (for example, Adoption of Access to Information law, and State Secrets law amendments). 	<ul style="list-style-type: none"> • Policy notes on mining management issues by think tank; three economic policy conferences by high-level speakers; policy seminars and workshops with parliamentarians and media on policy analysis. • Civil society trained on 2-3 social accountability tools; related community initiatives piloted. • Monthly activity implementation reports; financial management reports; reviews of grant implementation progress; procurement according to Bank rules; repeat survey.
				<ul style="list-style-type: none"> • Multi-stakeholder policy forums regularly discuss proposed mining and related economic policy reforms, drawing on international experience. 	

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
5.	W1-2644	Liberia	Rebuild state capacity for public policy formulation and service delivery.	<ul style="list-style-type: none"> • Governance issues effectively reflected in CAS mid-term review. • GAC activities introduced in the Bank's (and other development partner) interventions and dialogue with government. 	<ul style="list-style-type: none"> • Matrix highlighting country-wide governance challenges, risks and mitigation measures prepared; governance section of CAS updated during mid-term review. • GAC activities systematically used to improve Bank operations.
6.	W1-2650	Haiti	Promote improvements to public sector performance by grounding forthcoming Bank operations in political economy analysis and by fostering policy reforms decision-making (versus patronage decision-making) through increasing the proportion of political appointees and National Assembly members who see improved public sector performance as a useful driver in their own political career path.	<ul style="list-style-type: none"> • Contribute to improvements in public sector performance through a better understanding of existing political incentives. • Build on above insights to convince more politicians that their interests are often better served by improving performance than by extending patronage, through: (i) definition of common agenda (improvement targets); and (ii) increasing their awareness. 	<ul style="list-style-type: none"> • Diagnostic report. • Dissemination, training programs, workshops and operational meetings.

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
7.	W1-2671	Burkina Faso	<p>Enhance development effectiveness by scaling up and mainstreaming a clear strategic approach to governance and institutional development using Bank operations as entry points. The project will facilitate systematic integration and rigorous monitoring of governance and capacity development throughout the country program for the CAS period FY10-12.</p>	<ul style="list-style-type: none"> • Governance and institutional development (GovID) filter is substantively integrated into design and review of Bank operations. • Progress towards GAC objectives of the CAS are effectively monitored and evaluated, and the CGAC agenda is updated. • Improved involvement of civil society in promoting public participation in design, monitoring and evaluation of Bank operations. 	<ul style="list-style-type: none"> • GovID task force established and filter designed; two Annual Governance Stocktaking reports; governance analytical work website; selected political economy studies; GAC training workshops. • Desk review of civil society role in local participation and recommendations for scale-up in Bank operations; three civil society-implemented local participatory monitoring projects; outreach program.

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
8.	W1-2709	Philippines	To facilitate development of a viable governance reform agenda with strong buy-ins from key stakeholders in priority areas identified as critical for improving effectiveness of the state, especially PFM reform; and to enhance the Bank's own capability to take account of governance risks in its operations and identify opportunities for governance reforms tailored to the specific political economy and institutional contexts of individual sectors and local governments.	<ul style="list-style-type: none"> • Progress in Open Budget Index scores. • Satisfactory Quality-at-Entry average scores on Strategic Relevance and Approach, Policy and Institutional Aspects, and Risk Assessment for the country portfolio. • Consistent approaches adopted for supporting governance improvements, including mainstreaming of demand-side interventions, adopted across the local government units portfolio. 	<ul style="list-style-type: none"> • Annual budget highlight reports submitted around the budget deliberation by Congress; annual conferences on budget/fiscal issues; periodic media commentaries. • Six additional sector governance assessments conducted during the GPF funding period. • Report on governance impact evaluation of selected local-level projects; internal and public workshops; operational guidance note. • Term appointment of Governance Adviser to assist the TTL to manage the GPF-funded activities.
9.	W1-4028	Uganda	Effective implementation of the CAS through an informed focus on addressing governance constraints.	<ul style="list-style-type: none"> • Improved government performance on tracking and addressing corruption. • Successful transition from budget support-dependent to natural resource-based system under a stable to improving governance system. 	<ul style="list-style-type: none"> • Anticorruption monitoring tool designed and agreed between development partners and governments (\$403,000).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
				<ul style="list-style-type: none"> Improved performance in key PFM, governance and corruption indicators in the governance risk matrix and project governance and accountability plans. 	<ul style="list-style-type: none"> Midterm review and update of the governance risk matrix implementation; technical notes and advisory support on managing the transition, provided on a regular basis (\$423,000). Three sector diagnostic studies; two political economy studies; midterm review of governance diagnostics included in the transport, water and health sector (\$775,000).
10.	W2-1674	Global	Improve the design and development of monitoring and evaluation (M&E) in fragile or post-fragile situations to strengthen service delivery and domestic accountability.	<ul style="list-style-type: none"> Strengthened understanding of design and role of M&E system of counterparts in six case study countries; findings and recommendations of study are reflected in either the CAS, Poverty Reduction Strategy/Annual Progress Report, or ESW in study countries. 	<ul style="list-style-type: none"> Six country studies and one synthesis report (\$150,000). Web-based database on M&E content in Poverty Reduction Strategies (\$7,000). Two workshops, one leadership seminar (upon demand); webinars accompanying course of studies (\$75,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
11.	W2-1712	South Asia	Boost accountability and transparency, as well as curb opportunities for rent-seeking, by strengthening access-to-information regimes in India, Bangladesh, Nepal, Pakistan and Sri Lanka.	<ul style="list-style-type: none"> • Greater number of countries in South Asia adopt RTI legislation. • Capacity to implement RTI effectively improves significantly in countries/states across a wide range of accepted parameters. • RTI becomes a regular feature of Bank-financed operations. • Rising request levels under RTI laws/executive ordinances indicating greater public usage; proportion of requests granted by governments also grows over time. • More civic assessments of RTI implementation in South Asia to benchmark progress and generate debate and policy change. • Regional network clustered around the issues of RTI, transparency and accountability develops across South Asian countries. 	<ul style="list-style-type: none"> • Proposal for creation of Global Resource Center for RTI in South Asia submitted; modules developed for records management; proactive disclosure expands; more data generated on RTI requests and appeals generated (\$250,000). • Workshops and conferences on RTI at different levels (national, regional and cross-regional) aimed at building a regional community around RTI (\$150,000). • Studies with Civil Society Organizations (CSOs) (nationally and regionally) to track RTI implementation; discussion and analysis of such studies; preparation of good practice cases on RTI in the region; social audits conducted with Bank assistance (\$150,000).
					<ul style="list-style-type: none"> • Develop an SAR website for project managers on how to mainstream RTI in their work; implementation manuals and guidance notes; best-practice social audits in at least two sectors (\$250,000).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
12.	W2-1728	ECA	Facilitate benchmarking and performance strengthening of regional judiciaries by catalyzing a country-led and participatory peer learning-based and results-oriented approach.	<ul style="list-style-type: none"> • Justice Sector Peer-Assisted Learning (JUST-PAL) Network launched and Communities of Practice (CoP) established, with country-led management committees for each CoP and assured multi-year financing. • Justice sector-relevant actionable indicators and performance benchmarks pertaining to, and endorsed by, CoPs. • Network e-sharing portal operational; number of unique hits'/visitors/downloads/uploads to portal; portal used to generate feedback on CoPs and portal usefulness (evidenced from annual online feedback). 	<ul style="list-style-type: none"> • Knowledge-sharing Network and CoPs created to exchange information, experience and best-practice reform examples (\$154,000). • Identification of a set of actionable indicators and benchmarks for participating countries to allow for the development of performance-based management systems (\$45,000). • Interactive networking and e-sharing web portal used for peer-to-peer information exchange and real-time communication to address specific reform implementation issues and identify reform actions (\$26,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
13.	W2-2615	LCR	Contribute to improved governance of crime and violence prevention initiatives in Honduras urban development (Barrio-Ciudad) project by mobilizing private sector support for local violence prevention partnerships with municipal governments and civic society.	<ul style="list-style-type: none"> Local public-private partnership (PPP) formed in five municipalities, with private sector support for at least two initiatives in each municipality. 	<ul style="list-style-type: none"> Toolkit for local PPPs for crime and violence prevention (\$68,000). Workshops to train municipal officials based on the toolkit; Memoranda of Understanding between local business chambers and municipal governments In each municipality; Technical assistance and advice to initiatives supported by these partnerships (\$150,000). Revised toolkit incorporating implementation lessons; Honduras workshop to disseminate lessons learned; six two-day workshops in Kingston, Port-au-Prince and Salvador de Bahia (\$40,000).
14.	W2-2628	Sudan	Recipient-Executed Trust Fund to enhance the accountability of central and sub-national governments in Southern Sudan, institutionalize transparency in government functioning, and embed voice and participation for non-state actors in the GAC framework of the Government of Southern Sudan.	<ul style="list-style-type: none"> Ten state-level workshops completed; dissemination plan implemented; anticorruption strategy formulated; Memorandum of Understanding signed between states and Southern Sudan Anticorruption Commission (SSACC) to embed social accountability in government functioning. 	<ul style="list-style-type: none"> Enhanced awareness within state and non-state stakeholders of the role of the SSACC and the anticorruption legislative framework; anticorruption measures embedded in government (\$170,000).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
15.	W2-2653	Uganda	Enhance the effectiveness of the country program by mainstreaming governance issues into the proposed CAS through a risk-management approach that will effectively integrate governance issues in priority sectors and mitigate governance-related risks during the first years of its implementation.	<ul style="list-style-type: none"> • Projects in health and education, as well as the new transport project, operating in a satisfactory manner after Board approval; agriculture project redefined to reflect governance challenges. • Bank operations reflect political economy concerns and use of AGIs mainstreamed in monitoring progress in health, education and public sector reform. 	<ul style="list-style-type: none"> • Governance risks and mitigation measures matrix; analysis of fiduciary risks associated with implementation of the overall Bank program, including its budget support operations (\$145,000). • Governance challenges and mitigation measures clearly elaborated and integrated in the two Project Appraisal Documents (PADs) (\$70,000).
16.	W2-2683	Thailand	Enhance demand for public sector performance by creating effective government-nongovernment partnerships to monitor the effectiveness of public resource utilization.	<ul style="list-style-type: none"> • Annual report published on public entities' compliance with Official Information Act (OIA). • Accountability map of agencies with mandates, showing any overlap or lack of coverage on the horizontal and vertical accountability dimensions prepared and discussed with respective agencies and CSOs. • A mechanism established for collaboration between accountability institutions and CSOs to monitor public procurement and report annually. 	<ul style="list-style-type: none"> • Outreach campaign by CSOs; system for recording and publishing compliance to OIA by entities; government-nongovernment forum on improving access and effectiveness of information (\$150,000). • Report with accountability map; consultative workshops on functioning of the accountability framework (\$165,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
					<ul style="list-style-type: none"> Establish working group on public procurement made up of CSO, Ministry of Finance procurement monitoring office and external accountability institution; annual CSO procurement monitoring reports; capacity building and training (\$185,000).
17.	W2-2689	Mozambique	Support a balanced approach to good governance in Mozambique, which strengthens citizen oversight mechanisms in tandem with improvements in supply-side reforms in the health sector, through the pilot of Community Scorecard (CSC) in clinics in Cabo Delgado province.	<ul style="list-style-type: none"> First adapted and tested CSC approach for health in country. Four institutions coached in the implementation of above CSC approach. Five trainers and 30 facilitators trained in above CSC approach in pilot communities. Four interface meetings on evaluation of quality of services by health staff and users of pilot clinics. 50 percent of pilot clinics publicizing key norms of service. 50 percent of pilot sites disseminate results of scorecard (both initial and follow-up ratings) at the local level. 	<ul style="list-style-type: none"> Technical capacity created for implementation of adapted CSC process in health sector in pilot clinics in Cabo Delgado province (\$270,000).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
18.	W2-2702	Angola	Achieve more effective Bank programming through an improved understanding of the political economy environment in infrastructure, decentralization and agriculture, and the way it promotes or hinders institutional, organizational and sectoral performance and reform processes.	<ul style="list-style-type: none"> • Recommendations from three Political Economy studies taken into consideration in Angola CAS 2009-13 and in ongoing and new operations. 	<ul style="list-style-type: none"> • Report on Political Economy of Decentralization in Angola (\$58,000). • Report on Political Economy of Public Infrastructure Planning and Management (\$58,000). • Report on Political Economy of Agriculture (\$58,000).
19.	W2-2707	Djibouti	Identify through survey and assessment tools the GAC areas that need to be addressed by government reforms.	<ul style="list-style-type: none"> • GAC impediments are identified. • Government has formulated a strategic GAC action plan based on findings in the survey and consensus in workshops. • Public is more aware of governance obstacles. 	<ul style="list-style-type: none"> • GAC survey (\$80,000). • GAC assessment report (\$70,000). • Action plan, with concrete and scheduled actions in GAC areas (\$70,000).
20.	W2-2719	Global	Improve public sector transparency and accountability at levels of government (national, provincial and local), and increase public discourse regarding public expenditures by encouraging the demand-side of governance.	<ul style="list-style-type: none"> • Number of government budgets published in newspapers in the four target countries (Cameroon, Cote d'Ivoire, Laos and Nepal) increased. • Number of local/regional institutions conducting budget analyses, expenditure tracking and participatory budget monitoring increased. 	<ul style="list-style-type: none"> • Publication of two national/sub-national/local budgets per country per year; Technical assistance to all four countries by conducting workshops on budget analysis and dissemination tracking (\$500,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
				<ul style="list-style-type: none"> • The number of government entities that use training to develop and disseminate more budget information increased. • Increase in the number of citizens who believe that availability of budget information has influenced expenditure and service delivery patterns positively through user perception surveys. • Number of local/regional hubs and CoPs focusing on budget work with links to international networks. 	<ul style="list-style-type: none"> • Training for two local/regional institutions; eight orientation and training workshops for government officials and governance practitioners; four local/regional hubs (\$230,000). • Multi-country impact study report; guidance note for Bank staff and best-practice note summarizing lessons learnt (\$20,000).
21.	W2-2725	Kenya	Enhance the effectiveness of the country program by mainstreaming sector governance issues into the proposed CAS.	<ul style="list-style-type: none"> • Political economy analysis identifies key binding constraints to increased development effectiveness. • Enhanced transparency and accountability in public management and sector governance. • Development of a first phase governance-based risk-management framework. 	<ul style="list-style-type: none"> • Sector-specific political economy analysis reports on land, agriculture and fiscal decentralization (\$150,000). • Broad regulatory and capacity enhancement for transparency and accountability (\$100,000). • Development of a first phase governance-based risk management framework (\$100,000).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
22.	W2-2761	Morocco	Improve outcomes in health and education by enhancing the governance of service delivery.	<ul style="list-style-type: none"> • Reduction in drop-out rates of children, by gender, at each grade level. • Reduction in absenteeism of teachers and students, by grade and gender. • Composite index of household welfare. • Demand-side/supply-side interventions are designed, endorsed (by various stakeholders) and launched by government to address GAC issues in rural health. 	<ul style="list-style-type: none"> • Baseline and end-line survey reports; full concept of intervention, operations manual, and evaluation strategy; annual monitoring reports; impact evaluation report (\$500,000). • Health sector governance and corruption diagnostics survey report; detailed concept, sampling, methodology and implementation manual on demand-side and supply-side governance interventions (\$250,000).
23.	W2-2890	Philippines	Identify the main constraints to hospital performance in the Philippines, and make recommendations to improve performance; contribute toward the development of a performance monitoring system for public and private hospitals, to lay the groundwork for a shift toward performance-based financing of hospitals.	None shown in GFR	None shown in GFR

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
24.	W2-2896	Russia	Increase the accountability of local governments in provincial Russia by helping to create an innovative institutional space in which the independent Office of the Ombudsman can act as a mediator between local government and the population at a time when new "rules of the game" are being established, triggered by a decentralization reform.	<ul style="list-style-type: none"> • Level of trust in local government officials (measured through household and public official surveys). • Level of trust among households. • Number of human rights cases reviewed and assisted. • Satisfaction with openness of the budgetary process. • Satisfaction with availability of information on budget and other public expenditures. • Satisfaction with the overall performance of local government. • Number of members of vulnerable/disengaged groups (the young, the handicapped, the poor) engaged in public decision-making. • Positive project experience started to be replicated in at least two additional districts in Perm region by year 3. • Project experience is replicated in at least one other region of Russia. 	<ul style="list-style-type: none"> • Four Legal and Civic Rights Centers for Active Citizenship established. • Number of citizens who received consultations at the centers by type of issue/outcome. • Change in satisfaction with openness/accessibility of public officials. • Number of citizens participating in public hearings/other events organized by the Centers. • Level of satisfaction with the work of Centers by category of activity (estimated cost of the five deliverables, \$93,000). • Needs assessment in treatment localities. • Trainings and seminars/workshops on public participation in budgetary/ service provision activities • Learning trips for staff of the centers. • Training package.

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
					<ul style="list-style-type: none"> • Evaluation of local legislation on mediation and conflict resolution. • "How to" guidance notes. • Local normative acts (new ones/amendments to existing ones). • Evaluation of training/ materials provided carried out by third party (estimated cost of the eight deliverables, \$226,000). • Website, dissemination of training materials and workshop (\$119,000). • Household and public official surveys, and project management (\$313,000).
25.	W2-3098	AFR	Enhance the effectiveness of the Bank and other international partners in engaging with and supporting resource-rich countries in translating extractive industries into sustainable development outcomes by strengthening governance and political economy analysis (PEA) on the issue.	<ul style="list-style-type: none"> • Application of PEA to enhance design of Natural Resource Management operational work. • Enhanced policy dialogue around effective resource use for sustainable development outcomes. 	<ul style="list-style-type: none"> • Six country case studies (Nigeria, Ghana, Niger, Democratic Republic of Congo, Cameroon, Angola); increased number of TTLs and CMUs using these case studies to assess natural resource management (NRM) value chain opportunities and risks and identify mitigation strategies (\$300,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
26.	W3-2129	Pakistan	Directly test two different channels for improving governance through enhanced civic engagement: (i) direct participation of underprivileged groups in the decision-making process; (ii) increased accountability of the decision-making process.	<ul style="list-style-type: none"> • Rigorous impact evaluation of a rural Community Driven Development program that tests the two governance channels (GFR lists eleven outcome indicators, which are really the various phases and steps of the work, for example, study design and selection of villages). 	<ul style="list-style-type: none"> • Research Papers; report for non-specialists; workshop in Pakistan with Pakistan Poverty Alleviation Fund, local government officials and academics; seminars in the Bank, academic institutions and think tanks (\$225,000).
27.	W3 -2133	AFR	Contribute to mainstreaming of GAC in AFR by systematically embedding GAC issues into country programs; develop capacity through networking, partnership building, and peer learning to capture, share, and apply knowledge to successfully execute AFR's GAC Implementation Plan.	<ul style="list-style-type: none"> • AFR Bank Management and development partner endorsement on outreach workshop reports. • Number of publications available from the program. • Improved client satisfaction, as indicated in periodical surveys and from ongoing feedback and increased numbers of website visitors. 	<ul style="list-style-type: none"> • Profiles of training/research institutions in the region that are capable of providing technical assistance and capacity development-related GAC thematic areas and competencies; communications tools (\$79,000). • "How to" notes, annotated bibliographies, literature reviews, analytical notes on cases, a website, and newsletters, Regional CoPs on the GAC, and so on. (\$96,400).

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	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
28.	W3-2224	Global	Enhance cross-regional and global networking, knowledge sharing and capacity building in support of the demand-for good governance (DFGG) agenda. The aim is to raise capacity both internally and externally for further mainstreaming demand for good governance approaches both within the Bank and externally with partners and development stakeholders.	<ul style="list-style-type: none"> • Number of projects incorporating demand-side governance tools into project design that are supported by the GPF grant (in total, 7 indicators are provided, but except for the above, they are output-focused, for example, number of peer learning regional workshops conducted in collaboration with local resource institutions). 	<ul style="list-style-type: none"> • Knowledge and learning platform; Spanish language platform; one peer learning workshop (\$100,000). • Six case studies and learning tools developed from case studies; 100 DFGG Seminars (\$100,000). • Intensive support to one Bank project for operational DFGG work; an effective and user-friendly DFGG help desk (\$100,000).
29.	W3-2259	Global	Mainstream emerging good practices in addressing GAC issues in Bank-financed projects through the development of GAC in Projects Peer Learning.	<ul style="list-style-type: none"> • All 5 indicators provided in GFR are output indicators (for example, internal training days delivered). 	<ul style="list-style-type: none"> • Publication series of good practice case studies, and lessons learned notes, searchable database and e-learning modules (\$150,000). • Three training workshops each year, nine brown bag lunch sessions and three in- country learning events with clients and other development partners (\$90,000).

	GFR Window and Number	Country	Development Objective	Outcome Indicators	Planned Outputs/Deliverables and Estimated Costs
					<ul style="list-style-type: none"> • Identification of the GAC-in-Projects community of practitioners, recognition (possible awards) for practice leaders (\$25,000). • GAC- in-Projects Website (\$35,000).
30.	W3-3628	Global	<p>Support the development of a political economy diagnostic tool on access to information (ATI), and piloting in 5-6 countries in Africa and Asia.</p> <p>The overall objective is to strengthen knowledge development and knowledge management on ATI, to provide operational staff with both a deeper understanding of the challenges and strategies for engaging on ATI reforms, and access to knowledge resources on global experiences and good practices in this area.</p>	<ul style="list-style-type: none"> • Systematic inclusion of ATI reforms in country dialogue in the pilot countries. • Inclusion of political economy perspectives in the design of initiatives to support transparency and access to Information. 	<ul style="list-style-type: none"> • Pilot studies of 5-6 countries on the adoption and implementation of ATI reforms, based on political economy diagnostic tool; increased understanding among country teams of the political economy dynamics of the adoption and implementation of access to information reforms (\$176,000). • Brief notes and database on good practices in the implementation of ATI reforms (\$31,500).

Appendix E. GAC Governance Council Meetings – November 2007 to March 2010

Summary of Agenda Items and Attendees (Note: This table provides supporting information for paras. 57-58 of the main text)

<i>Meeting Date</i>	<i>No. of Attending Members, Alternates or Representatives</i>	<i>No. of Others Attending</i>	<i>Total No. Attending</i>	<i>Agenda Items</i>
March 22, 2010	13	23	36	WBI's product lines; Political Economy Community of Practice; and GAC in CAS Reviews.
January 20, 2010	12	23	35	Linkages between GAC and Investment Lending Reforms; Second Report of the Group of External Advisors; Update on the GPF; and Priority Actions for Year Three of Implementation.
December 16, 2009	12	22	34	Update on the program for year three of implementation; Communications and Knowledge Management Strategy for GAC, including demonstrating impact from GAC interventions; and Update on the Report of the Group of External Advisors.
November 11, 2009	14	21	35	Update on Board discussion on Second-Year Progress Report on GAC implementation; Update on the pilot initiative on country procurement systems; INT's role in Implementing GAC; and Update on the Operational Risk Assessment Framework. <i>Decisions taken on second item of agenda.</i>
September 17, 2009	16	23	39	Second-Year Progress Report on GAC implementation; DEC Research Program on GAC and development impacts; and Update on GAC knowledge platform.
July 28, 2009	15	29	44	Progress on GAC Learning for Bank staff.
June 17, 2009	25	19	44	GAC in the Human Development (HD) sectors; GAC in SDN in the Extractive Industries; and GAC in SDN in Infrastructure.
May 27, 2009	20	15	35	Update and Next Steps on Governance Partnership Facility; Internal Review of GAC in Projects; and Update on Actionable Governance Indicators Initiative.
April 1, 2009	20	14	34	Progress on Country Governance and Anticorruption (CGAC) processes; and Staffing Updates.
February 25, 2009	21	21	42	Guidance Note on Multi-stakeholder Engagement, prepared by LEG, in partnership with EXT, Social Development (SDV) Network, and WBI; Progress on GAC in Projects; and Recommendations of the Group of External Advisors.
January 21, 2009				
November 25, 2008	22	20	42	Progress on the GAC agenda in LAC and MENA; Management Actions to Strengthen Staff Commitment to GAC; and Updates.

GAC Governance Council Meetings – November 2007 to March 2010 Summary of Agenda Items and Attendees (Cont.)

<i>Meeting Date</i>	<i>No. of Attending Members, Alternates or Representatives</i>	<i>No. of Others Attending</i>	<i>Total No. Attending</i>	<i>Agenda Items</i>
October 22, 2008	28	21	49	Progress on the GAC agenda in SAR and AFR; (b) StAR Initiative; and (c) Updates.
September 17, 2008	22	15	37	Progress on Public Sector Management; One-Year Progress Report on GAC Implementation; and Updates.
June 23, 2008	18	17	35	Progress on supporting demand for good governance; Report back from the field-based GAC Implementation workshop; and Updates.
May 19, 2008	20	12	32	Progress on Governance in the Sectors; Private Sector Development; and Updates.
April 9, 2008	21	17	38	Progress on implementation of Country Governance and Anticorruption (CGAC) processes; OVP strategic staffing and learning plans; and Updates.
February 27, 2008	Not Separately Listed	Not Separately Listed	34	Strategic staffing needs in governance and anticorruption; and update on governance indicators.
January 23, 2008	24	10 (noted as partial list)	34 (incl. partial list of non-members)	Progress and emerging challenges on strengthening GAC in Projects, and Proposal for an External Advisory Group (EAG) to monitor GAC implementation.
November 19, 2007	24	11	35	Action Plans and Contingency Funding requests from VPUs on scaling up GAC implementation; and Reports from the VPUs on progress in institutionalizing and implementing GAC.

Appendix F. Regional GAC Implementation Plans – Mapping to GAC Activities

(Note: This table provides supporting information for para. 10.3 of the main text)

Region	Key Objectives of GAC Implementation Plan	GAC Activities Reported in FY08-09	
		GPF-Funded	BB-Funded
AFR ^{a/}	1. Address GAC impediments to growth and poverty reduction through a country-level CGAC process. Nine countries have been selected as CGAC pilots: Burkina Faso, Burundi, Cameroon, the Democratic Republic of Congo (DRC), Ethiopia, Kenya, Mali, Swaziland and Zambia.	Window 1 funding for work in Burkina Faso, Cameroon, DRC and Zambia.	CGAC pilots in the nine listed countries.
	2. Focusing and sharpening Bank instruments (analytical work, project design, and work on performance indicators) in order to better address governance issues in work across all countries.	Window 1 funding in the DRC, Ghana, Liberia, Sierra Leone and Uganda. Window 2 funding for work in Angola, Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Guinea-Bissau, Kenya, Mali, Nigeria, Senegal, Sierra Leone, and Uganda.	Work in Benin, Burundi, Burkina Faso, Cameroon, Cote d'Ivoire, DRC, Equatorial Guinea, Ghana, Guinea-Bissau, Kenya, Madagascar, Mauritania, Mozambique, Niger, Nigeria, Senegal, Sierra Leone, Tanzania Togo, Uganda, Zambia, and multi-country.
	3. Addressing Regional priorities for the governance agenda: in particular Demand-side Accountability, Non-Renewable Natural Resource Management (the 'EITI plus' agenda), and Public Finance Management (PFM) and Procurement.	Window 1 funding for work in Burkina Faso, Cameroon, Ghana, Nigeria, Sierra Leone and Zambia. Window 2 funding for work in Mozambique, Nigeria and Southern Sudan.	Work in Angola, Benin, Burkina Faso, Guinea, Kenya, Madagascar, Mozambique, Uganda, and multi-country.

<i>Region</i>	<i>Key Objectives of GAC Implementation Plan</i>	<i>GAC Activities Reported in FY08-09</i>	
		<i>GPF-Funded</i>	<i>BB-Funded</i>
AFR ^{a/}	4. Strengthening institutional initiatives to ensure that governance issues are made a part of everybody's business in the Africa Region so that there is widely-shared responsibility for addressing governance issues across sectors.	Window 1 funding for work in Burkina Faso, Zambia. Window 3 funding for work in AFR.	Work on multi-country initiatives.
ECA ^{b/}	1. CGAC Process: Deepened engagement with countries on how GAC issues impinge on poverty reduction. Support countries to develop enhanced programs to address these issues and reflect such an enhanced understanding in the CAS.	Window 1 funding for work in Albania and Tajikistan. Window 2 funding for Kyrgyz Republic and Region.	Work in Albania, Moldova, Ukraine, and Uzbekistan.
	2. Mainstreaming GAC in sectors and improving "core" systems for development effectiveness.	Window 2 funding for work in Turkey and region.	Expansion beyond transport sector.
	3. GAC strategy implementation in Bank-supported projects.	Window 2 funding for work in Russian Federation and Turkey.	Work in Azerbaijan, Croatia, Estonia, Kosovo, Moldova, Tajikistan, Turkey, Ukraine, and Uzbekistan
	4. Regional organizational structure to incorporate GAC focus.		ECA GAC Steering Committee
	5. Regional GAC learning and monitoring implementation.		Mandatory "GAC 101" for all staff. Fiduciary learning for all TTLs. Workshops & brown-bag breakfasts.

APPENDIX F

<i>Region</i>	<i>Key Objectives of GAC Implementation Plan</i>	<i>GAC Activities Reported in FY08-09</i>	
		<i>GPF-Funded</i>	<i>BB-Funded</i>
MNA ^{c/}	1. Create a MENA GAC Implementation Team to guide and oversee implementation.		MENA GAC Implementation Team
	2. Review staffing and skills mix.		Nine staff in Middle East and North Africa Public Sector and Governance team (MNSPS), including 3 field-based Governance Advisers in Lebanon, West Bank and Yemen, who work on GAC issues. West Bank and Yemen positions were supported by DfID trust funds up to FY09. ^{d/}
	3. Improve the quality of country programming and the CAS process through the preparation of CGACs.		Work in Djibouti, Iraq, Lebanon, Morocco and Yemen.
	4. Ensure probity in Bank operations and enhanced governance focus in sectoral projects and ESW.	Window 2 funding for work in Djibouti.	
	5. Move forward on the Regional GAC Agenda, including governance indicators, comparative analytic work, case studies and enhanced dissemination.	Window 2 funding for work in Egypt, Jordan, Morocco, West Bank/Gaza and Yemen. Window 3 funding for work in Egypt.	Work in Egypt, West Bank/Gaza, Yemen and multi-country.

<i>Region</i>	<i>Key Objectives of GAC Implementation Plan</i>	<i>GAC Activities Reported in FY08-09</i>	
		<i>GPF-Funded</i>	<i>BB-Funded</i>
SAR ^{e/}	1. Intensifying engagement on GAC at the country level.	Window 1 funding for work in Afghanistan, India and Nepal. Window 2 funding for multi-country work (RTI).	Work in Afghanistan, Bangladesh, India and Nepal.
	2. Mainstreaming GAC at the sector and project levels.	Window 2 funding for work in Afghanistan, India and Nepal. Window 3 funding for work in India and Pakistan.	Work in Afghanistan, Bangladesh, India, Nepal, Pakistan, Sri Lanka and multi-country.
	3. Regional initiatives, including support on INT issues, risk management, quality management, and Regional Steering Group for implementation.		

Sources: GPF Secretariat; One-Year Progress Report (for FY08 GAC in projects); Regional monitoring reports (where available – see below); and supplementary information provided by Regions for this review. Second-Year Progress Report did not include similar information on FY09 GAC in projects.

Notes:

a / No information made available by AFR on Bank budget-funded GAC work other than a monitoring report dated January 2009.

b/ No information made available by ECA on Bank budget-funded GAC work; data in above table based on information gleaned from various presentations and other documents available on ECA's GAC website.

c/ No information made available by MENA on Bank budget-funded GAC work.

d/ Information on DfID trust funds support is from MENA GAC Implementation Plan; supplementary information from MENA indicates that the 3 advisers are still in place.

e/ Information on Bank budget-funded FY09 work is based on supplementary data provided by SAR CAO's Office.