



## **Submission to the World Bank Group regarding its proposed Country Engagement Approach**

Presented by the Bank Information Center, Oxfam International, Center  
for International Environmental Law

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We welcome the World Bank Group's (hereafter referred to as "WBG" or "Bank") move towards a more results-based framework based on more rigorous analysis and its willingness to move from government ownership to country ownership, by involving more stakeholders than just the governments in the drafting of the SCD and CPF. In the spirit of wanting to see the WBG achieve its twin goals of reducing absolute poverty and boosting shared prosperity, we would like to offer the following comments and recommendations on the proposed Country Engagement Approach.

Throughout this submission, we will refer to two documents: (1) the "World Bank Group: A New Approach to Country Engagement" (revised consultation draft), April 29, 2014 (hereafter referred to as *CEA document*); and (2) the "Interim Guidelines for Systematic Country Diagnostic," February 21, 2014 (hereafter, referred to as the *Interim SCD guidelines*).

## Summary of priority recommendations

- **Inclusive citizen engagement with adequate information provision.**  
Requiring consultation with affected communities, citizens and civil society at all stages of the project cycle – starting with the Systematic Country Diagnostic (SCD) and then the Country Partnership Framework (CPF) and continuing engagement through the implementation and learning stages – will provide the WBG with greater opportunity for developing programming that can sustainably reduce poverty, enhance shared prosperity and identify, mitigate or avoid risks. To encourage effective engagement and ensure that consultations are sufficiently broad-based, we recommend that the Bank set minimum standards for consultation. Minimum standards should include, *inter alia*, the provision of adequate, relevant, timely information in nationally-appropriate language(s) and specific outreach, including to indigenous peoples, women, persons with disabilities, ethnic minorities, sexual minorities, and others who face discrimination or marginalization.
- **Strong risk and opportunity assessment at SCD level which is then integrated into the CPF.**  
Multiple types of risks that have the potential to be exacerbated or lessened through Bank programming need to be assessed at the SCD stage and then planned for in the development of the CPF. These risks include environmental, social, human rights, and governance-related risks. We recommend making mandatory the use of upstream planning instruments, such as a Strategic Environmental and Social Assessment, to inform the SCD and the CPF. The Bank already uses this instrument in certain sectors to help identify risks and programmatic opportunities. Such instruments would allow for the integration of environmental and social considerations, including human rights and governance, at the broader strategy/sector level and would help inform project selection and design downstream and ultimately could help direct Bank interventions towards eliminating key constraints to poverty reduction.
- **An analysis of inequality in the country with data on the gap between the bottom 40% and the top 10% should be included in the SCD** and should inform the selection and design of priority areas and policies in the CPF to ensure that inequality is addressed

programmatically.

- **Strong measurable criteria, adequate budget, and incentives to ensure learning and results.**

Given the Bank's emphasis on results-based programming we would emphasize the importance of having strong criteria and outcome-based indicators against which results are measured; that country teams be given the adequate budgets to conduct rigorous analysis for SCDs, write strong results-based CPFs, and incorporate lessons learnt effectively and systematically; and that Bank staff be provided with the right incentives to prioritize strong development outcomes.

## Comprehensive recommendations

### 1. Citizen Engagement and Stakeholder Consultation

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We are very pleased to see the WBG moving towards enhanced citizen engagement in its operations with the completion of the Consultations Best Practices and consultations hub, the newly proposed Citizen Engagement Strategy, and the Stakeholder Engagement standard being proposed in the Safeguard policy review. Likewise, we understand that the CEA contains a commitment that “*all products of the new approach will be produced in a collaborative process involving stakeholders*” and that the “*SCD team will also elicit the inputs of citizens regarding their priorities and preferences through consultation with various stakeholders.*”

However, we are concerned that the *CEA document* and the *Interim SCD guidelines* **fail to put inclusion and citizen engagement into practice by providing only weak mandatory requirements**. Indeed, neither of the two documents has clear, mandatory provisions as to when consultations should be done or what the minimum requirements are for such consultations.

It is our view that **requiring consultation with affected communities, citizens and civil society at all stages of the project cycle – starting with the SCD and then the CPF and continuing engagement through the implementation and learning stages – will provide the WBG with greater opportunity for developing programming that can sustainably reduce poverty and enhance shared prosperity and identify risks**. Fostering multi-stakeholder dialogue on development priorities, which includes government, civil society, the private sector and representatives of communities in particular, is a key strategy that can build public support for policy reform and better targeted interventions, creating both momentum for pro-poor development and accountability from below for effective implementation.

While we acknowledge the need for Bank country offices to have flexibility to conduct consultations in a locally appropriate manner, the Bank has a mixed record of conducting meaningful consultation. We hope that the example of the ongoing 2014 Burma/Myanmar SCD/CPF consultations is not representative of how the Bank plans to undertake these consultations moving forward. It is our understanding that the SCD consultations in Burma were problematic—for instance, there were issues as to who was invited (and who was not), combined with the inadequate provision of information in a timely manner or in appropriate languages. This made for a less than ideal, non-inclusive consultation process. In these critical upstream processes it is crucial that flexibility not result in a loss of the Bank’s accountability. Accordingly we are concerned that should the WBG fail to include clear guidance for Bank staff, the Bank will face the same problems and challenges identified with the CAS—the very problems this new approach aims to remedy.

#### **We recommend that:**

- The WBG develop specific policy, guidelines and procedures mandating that Bank staff consult with stakeholders in the development of the SCD, CPF, PLR and CLR, and detailing at which stages in those processes engagement would be important. *Examples*

(not comprehensive) of key moments the Bank should seek stakeholder - including communities and civil society in country - feedback is: during the scoping phase of the SCD process when the task team leader is determining which analysis to conduct and use; in elaborating the Standardized Operational Risk Rating tool; during the CPF stage when determining priority sector areas and establishing a results framework; and during the performance and learning stages when the Bank is analyzing implementation and outcomes.

- The wording in the draft Country Engagement directive should be changed in accordance with the above recommendations by explicitly including examples of “other stakeholders” and removing the wording “as appropriate,” given that this consultation should be mandatory. For example on p.19, para.4 of the *CEA document*, the sentence should be edited as such “The SCD is a diagnostic exercise conducted by the WBG in close consultation with national authorities, the private sector, and other stakeholders including communities and civil society, ~~as appropriate.~~”
- The Bank establishes minimum requirements for the aforementioned consultations and that it look to its Consultation Best Practices to inform these standards, with particular attention to ensuring that consultation is as inclusive as possible and that groups that may face discrimination or marginalization are afforded opportunities to input into the analysis. For instance, minimum requirements for consultation would include: informing the public before an SCD takes place, providing details of the process and relevant documents before consultation begins, and providing a means for citizens to submit written input directly to the Bank during each SCD. It is also critical that consultation include specific outreach, including to indigenous peoples, women, persons with disabilities, ethnic minorities, sexual minorities, and others who face discrimination or marginalization, to ensure that consultations are sufficiently broad-based and that important perspectives are not left absent from the analysis. Closing the feedback loop is another important aspect of successful consultation processes.
- Given the implications of a “consultative process”, it is important that the WBG define when it is consulting with stakeholders as opposed to conducting informative or dialogue sessions or convening expert panels, all of which are also important elements of the stakeholder engagement process. We ask that the WBG define when and how these other types of engagements ought to take place throughout the CPF process.
- Regarding the implementation of the CPF, the WBG identify and specify clear links to the Bank's Citizen Engagement Strategy, and the proposed Stakeholder Engagement ESS10 of the new safeguards framework.

## 2. Access to Information

In recognition that information is a fundamental right, and that engagement is not possible without adequate, relevant and timely information, we feel it is inadequate to simply state that the documents associated with the new approach will be subject to the WB’s Access to

Information Policy (AIP) (p.8, para 31 *CEA doc*). We request that the WBG **provide more clarity in its draft *CEA directive* on the level of disclosure of various documents and their drafts.**

**We recommend that:**

- The Bank release all relevant materials and draft(s) of the SCD/CPF in nationally appropriate languages in a timely manner prior to consultation and explicitly state when and for how long the documents are available for public comments.
- The draft results framework of the CPF is disclosed in a timely manner and available for public consultation.
- Terms of reference for the SCD and key studies be disclosed and discussed at a draft stage.
- The *CEA document* explicitly includes the provision for simultaneous disclosure of both the CPF and the SCD, and that the Bank lay out text that explicitly encourages governments to approve simultaneous disclosure in the spirit of right to information. Currently the *CEA document* (p.8, para 31) states that the CPF will be made available only after Board discussion and does not explicitly include the provision for simultaneous disclosure as is the case in the current AIP.
- The Bank disclose all CPF implementation plans (The Bank references “joint implementation plans” [p.10, para 40, *CEA Doc*]).
- The Bank discloses all CPF updates in a timely manner.
- The draft Performance and Learning Reviews (PLRs) be disclosed and available for comment.
- The AIP is updated in a timely way to specifically address any new relevant documents.

### 3. Risk and Opportunity Assessment

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We would like to reiterate the importance of paying attention to risk at the stage of SCD and CPF. There are multiple types of risk that should be addressed at this stage, including environmental, social, human rights, and governance-related risks. It is our view that project-level environmental and social impact assessments (ESIAs) and poverty and social impact analyses (PSIAs) are essential to improve project design while preventing and mitigating risk. However, by the time a project has reached the preparation stage (i.e., when these ESIAs are done), plausible alternatives to addressing the same development priorities are not considered. Rather, risk analysis and mitigation measures are limited to the project already in preparation. The manifestation of the above-noted risks or the failure to make sound programmatic decisions become more likely and ultimately can act as a serious constraint to poverty alleviation.

There is currently no requirement for the Bank to conduct upstream assessment at a strategic country or sector level prior to individual project conception which would allow the Bank to **assess the risks and opportunities associated with sectors writ large and make programmatic decisions accordingly.**

Yet, the Bank has a precedent of doing sector-level assessments, and has also piloted Country Environmental Analyses (CEA) in at least 24 countries. In addition, we have seen that the Strategic Environmental and Social Assessment (SESA) is a very useful instrument to use at the broader planning level.

**We recommend that a SESA-type instrument to conduct risk and opportunity assessments be made mandatory and systematized in the SCD and CPF to allow for the integration of environmental and social considerations, including human rights and governance, at the broader strategy/sector level and to help inform project selection and design downstream. Conducting a SESA ensures that environmental and social considerations are taken into account in the selection of alternatives, that cumulative and large-scale effects are addressed, and that a participatory approach is applied in engagement with project-affected communities and other stakeholders.** Given the stated objective of greater selectivity and focus, SESAs or other similar instruments can help direct Bank interventions towards eliminating key constraints to poverty reduction.

The Standardized Operational Risk Rating tool (p.10, para 42, *CEA doc*) sounds like a positive step but more detail on this tool is needed.

**We recommend that:**

- The Bank provide detail in the *CEA document and the interim SCD guidelines* on how the Standardized Operational Risk Rating tool (or other mechanisms) will be used to identify, assess and rate risk, how the tool will be used to plan and mitigate those risks, and how communities will be involved in helping assess and mitigate real risks, especially ones associated with sensitive social matters such as human rights.
- Environmental, social, human rights, corruption and governance risks be fully and explicitly assessed and integrated in the SCD through instruments such as a SESA and also systematically assessed within this Standardized Operational Risk Rating tool;
- There be a clear mandate to address the above-mentioned risks in *all* CPFs and that the Bank ensures that Environmental and Social Action Plans are fully integrated in the CPFs (contrary to the proposed policy change to OP/BP 4.02 which says “where appropriate” [p.27, *CEA doc*]).
- Social and environmental outcomes and results should be made mandatory in *all* CPFs and should be reported on a regular basis within the Performance and Learning Reviews (PLRs) as well as benchmarks and results regarding country's systems and institutional strengthening for social and environmental risk management.

## 4. Other SCD Recommendations

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We are pleased to see the WBG incorporate a diagnostic to identify opportunities and constraints to alleviating poverty and promoting shared prosperity prior to developing a CPF. The Bank states that it would like to produce a diagnostic that has rigorous and timely analysis (p.5, para 21, *CEA doc*), however, this implies the need for **detailed criteria, guidance and methodology**. In terms of content, and given the Bank’s aspirations to increasingly rely on country’s systems for social and environmental standards as well as procurement and fiduciary requirements, the Bank should also **account for country capacity in the SCD**.

### We recommend that:

- Given that the Bank has stated that the scope and depth of SCDs will vary from one context to another depending on availability of data, resources and capacity, we recommend that there be **clear criteria for how to identify which areas to cover in an SCD**, especially given that countries where data is not readily available could benefit the most from SCD-type analysis. The use of independent third party multi-country evaluations and rankings, such as those of Transparency International, should also be considered.
- A key element of the SCD include a section focusing on **assessing the institutional capacity of the country in terms of: risk management at different levels** (social, environmental, fiduciary, human rights, among others); inter-sector and inter-institutional coordination; enforceability of sector policies and country legislations (national, subnational and local government level as appropriate); accountability and social control mechanisms; transparency; access to information; and citizen participation. In this way and through this requirement, the Bank would be able to build a baseline and concrete goals and benchmarks for medium and long term measurable outcomes in terms of strengthening borrower systems towards a full country systems approach. Additionally, there are a relatively large number of assessment tools, including participatory assessment tools, available for identifying strengths, weaknesses and gaps in sectoral policy frameworks and implementation capacity. These can be effectively used to help guide Bank interventions.
- If the WBG is serious in its willingness to fight inequality/promote shared prosperity, there should be a requirement in the CEA for the SCD to include an analysis of inequality in the countries, including data on the gap between the bottom 40% and the top 10%. This should inform the selection and design of programs and policies in the CPF to ensure that the Bank programmatically addresses the issue of inequality.

## 5. Selectivity vs. Flexibility

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The Bank argues that previous CAS’s were not sufficiently results-based and were often too broad. The new strategy calls for more “selective” programming that better reflects the Bank’s added value. At the same time, we are seeing the Bank saying they will have more “flexible”

programming. **The two seem to contradict one another and the directives require more specificity to avoid confusion. It is important that the Bank makes CPF programmatic selections that are strongly grounded in the SCD and that the CPF be a document through which the Bank reflects how it is meaningfully operationalizing the knowledge it produces more broadly.**

**We recommend that:**

- The selectivity and flexibility approach should be defined with significant detail and clarity or the Bank risks falling into the same problems associated with the CAS.
- The Bank should specify what criteria should be used for breaking the selective approach principle to switch to the flexible one.
- Instead of saying that the “Bank...will draw upon the SCD to develop the CPF objectives...” (p.7, para 29, *CEA doc*), there should be a clear mechanism with sound guidance for how to incorporate the SCD results into the CPF with respect to objectives/programming selection.
- In the CPF, the Bank should include a section(s) describing the rationale for why program selections were made as well as why others (that might have been expected for example) were not.

## 6. Learning and Results

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The Independent Evaluation Group’s 2014 Results and Performance of the World Bank Group 2013 (p. xiii) found that Country Program Evaluation ratings have deteriorated significantly since FY07, due to lack of realism, weak monitoring and evaluation (M&E) frameworks, and an overall decline in project quality across the portfolio. In order to successfully achieve the mission of moving towards customized solutions and results-based CPFs, the Bank must commit **to improving and strengthening in-field supervision and M&E mechanisms, as well as demonstrate procedurally how those results would feed back into the CPF.** These commitments and forethought must be considered and covered at the CPF level and cannot be left to the individual project-level.

The Bank has also stated that it wants to have a “far-reaching impact on poverty” (p.2, para 7, *CEA doc*) and in line with the Bank’s commitment to shared prosperity and understanding distribution [of wealth] (p.4, para 16, *Interim SCD guidelines*), we insist that the **Bank measure poverty on the ground, at the community level, and not just at the macro or aggregate level.** This also requires enhanced in-field monitoring and citizen feedback.

**We recommend that:**

- The Bank commit at the CPF stage to strengthening in-field supervision and M&E in both the public and private sector engagements, and that there is a budget allocated for

this.

- The Bank explicitly mandate and support the strengthening of country systems for monitoring and evaluation as needed to demonstrate the development results in the CPF.
- The Bank lay out clear mechanisms to systematically integrate learning into ongoing Bank programming, the CPF updates and into the next CPFs, such as the use of multi-stakeholder policy dialogue, training of borrower agency staff and the like.
- The Bank explain in more detail the criteria and methodologies (we propose including different stakeholders, including civil society in this process) for identifying effective and relevant indicators that are able to capture measurable results.
- To avoid the risk of facing the same limitations as in the current performance of CAS, we recommend that the Bank lay out detailed criteria to identify what types of changes are permissible in the CPF two yearly updates and which ones would hinder the expected outcomes and results identified initially for a 4-6 year period in light of aiming for a results-based approach.
- Instead of saying that the Bank will “seek to engage” with stakeholders, including civil society, the Performance and Learning Review (PLR) section of the new country engagement approach should explicitly establish that civil society and/or other stakeholders *will* be engaged in this process and lay out the stages at which this is important—for example, in terms of reviewing and commenting on the PLRs. Moreover, the Bank should commit in the *CEA document* to systematically including citizen feedback mechanisms at the project level in order to acquire deeper and more relevant feedback on its portfolio and to be consistent with the Bank’s new Citizen Engagement Strategy.
- All PLRs should contain a section reflecting citizen input and how it was taken into account.
- That the PLRs and CLRs be substantial, with information that is accessible and useful for a non-Bank audience such that communities can also use this information to hold their governments and the Bank accountable to achieving results.

## 7. One World Bank Group

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It is appropriate for the WBG to strive towards streamlined standards and strategies across the institution writ large. We are keen to see all programming, be it in the public or private sector, be more clearly linked to poverty eradication and shared prosperity goals, while having measureable development indicators that reflect those goals. Given the historical disconnect among the different institutions’ operations in countries as well as the perceived lack of clarity on rationale for International Finance Corporation investment selections, it would be important to provide guidance to staff on how to operationalize this streamlining process.

## We recommend that:

- To avoid a scenario where the IFC is financing projects that do not fit with the priorities and objectives of the CPF, there be a demonstrable link between the priority areas identified in the CPF and all programmatic decisions whether that is in the public or private sector. This means that the IFC should clearly lay out in its project documents/pages how the project relates to the CPF.
- In countries where two or more WBG arms are engaged and pursuing complementary goals in the same sector, teams *should* prepare a joint implementation plan” (not “may” as is currently noted on p.10, para 40, *CEA Doc*).

## 8. Lack of clear criteria and policy-based language

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The Bank identified that a challenge of the previous CAS structure was that there was not enough guidance and as a result country teams were given too much discretion, for example, on deciding when to develop Interim Strategy Notes (p. 4, para 18, *CEA doc*). While we acknowledge this is a valid concern, we worry that it is not addressed enough in the *CEA document and the Interim SCD guidelines* and that there is discussion on goals and objectives, but **not enough detail on criteria and procedures**. We are also concerned that **if many of the useful aspects of this new approach are not incorporated into clear policy language that they will fall by the way side** and not end up being implemented.

## We recommend that:

- There be clear policy-based criteria for when a Country Engagement Note should be developed since it is not enough to say that a CEN may be developed when the WBG is unable to define detailed objectives, develop a program, or engage at significant scale in the medium-term, and this will lead to the same flexibility the Bank saw as a challenge in the current CAS structure. We note that the Bank ought to supplant the text it has proposed removing from OP/BP 2.30 with clear guidance on when and how a CEN can be developed in place of a CPF.
- Similarly, given that the CEN will not require an SCD, but will require only a limited level of analysis, the Bank should be clear in OP/BP 2.30 on the minimum amount of analysis required to produce a CEN.
- With respect to the proposed new language “where/as appropriate” in OP/BP 4.02 and OP 11.00 (p.27 and 28 of *CEA doc*), we consider this to be weakening of policy and we suggest removing this language to ensure that the procurement and environment assessments and action plans are always fully integrated into the CPFs.
- The *CEA document* states on p.21 that “if an operation deviates significantly from the CPF, CEN or PLR, the documentation explains why”. It is important to provide specifics on what is considered “significant” and under which circumstances significant deviation is sanctioned and to explain how the sector or project not previously considered is linked

to addressing structural constraints to poverty alleviation.

- Section IV of the *CEA document* includes a waiver that the Managing Director and COO of IBRD may waive any of the Directives' provisions. Again, it is important to provide binding procedures on when the MD/COO is sanctioned to do this.
- The WBG includes policy language to support our recommendations with respect to consultation at the SCD, CPF, PLR and CLR stages (See section 1).
- The WBG includes policy language to support our recommendations with respect to risk assessment (See section 3).
- In Fragile and Conflict Afflicted States (FCS) fragility assessment should always inform the SCD, and not only "where appropriate."

## 9. Budget & Incentives

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It is our view that in order to successfully accomplish the goals of this new approach, country teams must be **allocated the appropriate budget** and be provided with strong incentives to develop rigorous analysis for the SCD, write a strong results-based CPF, and learn from its successes and failures along the way.

With respect to the challenges of the current CAS structure (p.3, *CEA doc*), some of the challenges the Bank has identified might be attributed to human bias or capacity, but some could also be attributed to limited guidance and criteria on how to perform upstream analysis, identify and prioritize risk, and how to identify the most relevant indicators to measure outcomes and results. To a large extent, having in place an **adequate incentive structure for teams to be rewarded when accomplishing measurable outcomes could serve to affirm the aspired results-based approach.**

**We recommend that** the Bank considers the following questions as it finalizes this approach:

- Realistically, how will country offices' budgets be adjusted to accommodate the new Country Engagement Model?
- Will there be a specific budget for conducting additional analysis in the SCD process?
- Will there be a specific budget for stakeholder consultations around the different stages associated with this new approach? If not, how can we expect adequate stakeholder engagement in this process?
- Can the Bank reward teams for accomplishing measurable outcomes based on a thorough upfront identification of priorities, risk assessments, and measurable indicators?