



Partnership for Transparency Calls for Strengthening Partnerships with Citizens and Civil Society Organizations in the World Bank Group Evolution for Greater Impact

July 10, 2023

This note responds to the World Bank Group's request for comments on the [Evolution proposals](#) paper. [Partnership for Transparency's](#) comments focus on the roles that citizens and civil society organizations (CSOs) would or could play in enhancing the development impact and accountability of the proposed expanded levels of financing under the enhanced mission of the World Bank Group (WBG). Partnership for Transparency (PTF) recommends four specific actions to ensure greater citizen/CSO engagement in the WBG's operations. These recommendations are based on a [draft study by PTF](#).

Recommendation #1: Update the 2014 Citizen Engagement Framework and associated indicators in the Corporate Scorecard in line with the aspirations of the Evolution proposals

PTF welcomes the affirmation that “*greater social inclusion and citizen/beneficiary engagement are also necessary to achieve the twin goals*” in the discussion of the WBG-enhanced mission in the [Evolution proposals](#) (paragraph 22). We suggest that this be modified to read “*citizen and CSO engagement are necessary to achieve the WBG-enhanced mission*”. This affirmation should be followed up in the next version of the paper by elaborating on specific actions that would be taken to promote citizen and CSO engagement and the metrics that would be used to track progress.

We understand that the Bank has launched a strategic review of the [2014 Citizen Engagement Framework](#) and plans to update the framework taking into account synergies with the [Stakeholder Engagement and Information Disclosure](#) Standard. We trust that this update will be subject to public consultation; elaborate on the role of CSOs in facilitating citizen/beneficiary engagement; and emphasize attention on the quality of implementation, adequacy of funding, and achievement of outcomes. The update should also recognize that effective citizen and beneficiary engagement cannot happen without appropriate civic space. Therefore, it should provide staff guidance for civic space assessments.

We recommend that:

- a) an updated citizen engagement framework should be part of the new operating model,*
- b) staff should be directed to conduct civic space assessments during country diagnostic and strategy work and country partnership frameworks should outline appropriate actions to improve civic space for citizen and CSO engagement, and*

c) *the redesigned Corporate Scorecard should include appropriate indicators to track meaningful citizen and CSO engagement and civic space for such engagement.*

Recommendation #2: Articulate the roles CSOs could/would play in the new operating model as development partners and the actions the WBG would proactively take to promote meaningful CSO engagement

PTF welcomes the statement in the Evolution proposals (Box 2) that “*partnerships with other development partners [including CSOs] will be essential [in the new operating model] to support countries achieve their SDG goals and WBG’s enhanced mission*”. However, partnership with CSOs is not mentioned at all in either the key Evolution directions (pages 11-13) or proposals for further work on the new operating model (paragraphs 37-38). This raises serious concerns about whether and how the WBG will deepen partnerships with CSOs. It is well known that CSOs play at least four key roles in development programs, including those funded by the Bank:

- a) facilitate the design and implementation of citizen and stakeholder engagement in projects;
- b) provide operational services to supplement the efforts of project implementing agencies;
- c) enhance accountability and value for money through participating in monitoring and oversight; and
- d) participate in WBG Country Engagement activities.

As pointed out in the [PTF study](#), as well as by many other studies (including by the Bank), government/CSO partnerships deliver citizen-centric development faster and better than governments acting alone. However, the Bank does not proactively promote such partnerships and the contributions of CSOs remain underutilized. The bigger and better WBG, proposed in the Evolution, should proactively expand and deepen partnerships with CSOs in the programs and projects it funds. This is overdue: previously, the WBG led multilateral development banks with regard to collaboration with CSOs, but now lags behind many of them. The World Bank’s [operations manual](#) no longer includes a policy statement on collaboration with CSOs and a guidance note for staff and clients on the subject. This contrasts with the [Asian Development Bank](#) and the [Inter-American Development Bank](#), which have recently updated CSO collaboration policies and action plans.

We recommend that the Bank elaborate on the roles CSOs are expected to play as development partners in the proposed new operating model and include appropriate actions to expand and deepen such partnerships. To this end, the Bank should clarify and issue its policy for collaboration with CSOs, reinstate staff guidance on such collaboration, and include both the policy and guidance in the operations manual. To facilitate ex-post monitoring of CSO engagement to provide operational services, the Bank should also make contract awards to CSOs searchable in its contracts awards database.

Recommendation #3: Close funding gaps for local CSO involvement in Bank-supported lending and country engagement activities in borrower countries

Local CSO involvement in Bank-supported [financing](#) and [country engagement](#) operations needs to be adequately funded to ensure country-owned and inclusive development. However, available information indicates that effective citizen and CSO participation is being undermined by funding gaps and a lack of fit-for-purpose funding mechanisms. In principle, citizen and CSO engagement built into project design should be included in the project cost and financing. However, several studies by PTF, Accountability Research Center, and the World Bank's Independent Evaluation Group (IEG) found that explicit funding and procurement plans for citizen and CSO engagement are rarely evident in project financing documents and implementation reports seldom provide details of actual citizen/CSO engagement. To fix these issues, staff guidance and monitoring and evaluation metrics need to be improved.

Major funding gaps for local CSO involvement in country engagement and oversight activities exist. Country engagement activities cannot be funded by project financing and there is no available systematic source of funding for it. Citizen-led monitoring is an option in project finance, but, from FY 2018 to 2021, only four percent of over 1,000 projects approved by IDA/IBRD selected citizen-led monitoring and it is not known how many are implementing it. The 2018 IEG evaluation found that *"the World Bank rarely relies on citizen-led monitoring and oversight as a source for tracking citizen engagement in its projects, results frameworks - a missed opportunity, as this is where citizens could contribute their unique vantage point."*¹

Small amounts of financing for CSOs are accessible from trust funds hosted by the Bank, including the [Global Partnership for Social Accountability](#) (GPSA), which is set to expire in 2026. These amounts are negligible relative to needs, not regarded as fit-for-purpose, and involve high transaction costs that discourage their use. Some argue that funding for CSOs is available from bilateral sources (OECD governments and foundations) and the World Bank is not suitable for funding CSOs. However, the reality is very different. The [PTF study](#) found no evidence that funding CSO engagement in World Bank-supported operations is a priority for bilateral donors that fund local CSOs. The draft study also found that the World Bank executes at least ten different multi-donor trust funds that finance CSOs, but the amount of funding is small and tied to specific sectors such as education, climate change, etc. rather than country engagement and/or oversight activities. The net result is that funding for local CSO involvement in WBG-supported country engagement, financing, and oversight is negligible. This undermines the

¹Independent Evaluation Group. 2018. Engaging Citizens for Better Development Results: An Independent Evaluation. Page 19. World Bank, Washington, DC. © World Bank.
<https://openknowledge.worldbank.org/handle/10986/30625>

meaningful participation of local CSOs to enhance the impact and accountability of WBG-supported activities.

We recommend that Evolution proposals prepared for the WBG Annual Meeting in October 2023 include setting up a CSO funding facility to fill funding gaps for effective citizen and CSO involvement in Bank-supported financing and country engagement activities. The facility should be geared toward closing funding gaps, be adequately funded, and be fit for purpose to finance local CSO engagement in the new operating model. We understand that work is underway at the Bank for possible restructuring of GPSA and believe that GPSA could evolve to close the referenced funding gaps, as well as support effective CSO engagement in new directions, e.g., green accountability, inclusion, and climate justice. To enable CSOs to contribute effectively to results with accountability, the recommended facility and/or restructured GPSA would require significant capital proportionate to the magnitude of tasks involved in participation and oversight of current and expanded WBG financing involving hundreds of billions of dollars. Taking advantage of the Bank's multilateral approach and close relationships with its clients, PTF believes that such a funding facility could play a major role in helping to accomplish the WBG-enhanced mission objective of socially inclusive and sustainable development. By building local CSO capacity to facilitate better development outcomes, it could counter shrinking civic space.

Recommendation #4: Expand partnerships with citizens and CSOs to prevent waste, fraud, and corruption

Leakages due to waste, fraud, and corruption are inconvenient truths in public expenditures in all countries, albeit to varying degrees. Plugging these leaks will enhance value for money for both recipient and donor countries and enhance development effectiveness. The Bank recognizes this and assesses fiduciary and governance risks for every lending operation. By the [World Bank's estimation](#), as of July 10, 2023, about \$37 billion and \$67 billion of about \$332 billion in total commitments for all active WBG-funded projects (11% and 20% of the total) are at 'high' risk of loss of funds due to fiduciary and governance risks respectively. To address these risks, the Bank relies on the borrowers' transparency and accountability systems, as well as its own procurement and financial management policies. While it is appropriate for the Bank to be a risk taker, it is also incumbent upon it to do its best to mitigate the risks of leakages. Experience shows that relying on governments alone to combat corruption is neither sufficient nor effective. While the Bank's anti-corruption strategy calls for CSOs to play a vital role in identifying and preventing waste, fraud, and corruption, it lacks systematic means to finance oversight activities by CSOs. It is time to change this as the Bank improves its operating model.

Expanding partnerships with CSOs can help the Bank strengthen accountability and anti-corruption mechanisms used by both governments and the Bank itself. The Bank and its financiers have a natural interest in making sure that everything possible is done to prevent the leakage of funds. Adequately resourced partnerships with citizens and CSOs are an underutilized avenue. Expanding and institutionalizing such partnerships will help the Bank's resource mobilization efforts by assuring donors maximum value for their money. It will also appeal to OECD Development Assistance Committee members that have [resolved](#) to support civic engagement and localization of development assistance. To avoid conflicts of interest, such citizen and CSO oversight work should be done independently of project implementing authorities.

We recommend that the Evolution proposals commit to expanding citizen and CSO-led activities to prevent and detect waste, fraud, and corruption and to adequately fund such engagement at a scale proportionate to the challenges involved. We understand that the Umbrella Trust Fund for Governance and Institutions at the Bank has a window to support such engagement, but its current funding is minuscule relative to the magnitude of tens of billions of Bank funds at risk of waste, fraud, and corruption. The financial, economic, and social benefits of expanding partnerships with CSOs to enhance value for money are compelling reasons for the Bank and other development partners to contribute to such a window in the Trust Fund. Contributions from the Bank would also incentivize private donors to contribute to such a facility. The PTF study points out that if CSO-led accountability initiatives prevent as little as one percent of leakage of funds, the allocations would pay for themselves.

PTF welcomes further dialogue on these recommendations, as well as other ideas. Please direct comments to Vinay Bhargava, PTF Chief Technical Adviser, at vbhargava@ptfund.org.