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February 2, 2006

Mr. Bruce Montador
Multilateral Organisations Performance Assessment Network
Canadian International Development Agency
200 Promenade du Portage
Gatineau, Quebec
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Dear Mr. Montador,

*Subject: Results of the MOPAN Survey 2005:
Perceptions of Multilateral Partnerships at Country Level*

I want to thank you and your MOPAN colleagues for the draft *2005 MOPAN Survey, Perceptions of Multilateral Partnerships at Country Level*. As Mr. Adams and others who met with you last month indicated, the Bank Group welcomes this outside perspective on our work. We particularly welcome the opportunity for dialogue on the matter of partnership among donors and with our partner countries, as we concur that better reciprocal understandings can lead to better coordination and cooperation among donors and to an enhanced effectiveness of the provision and utilization of aid.

As was stated in the meeting, the World Bank portrayed in the draft report is one we recognize. The World Bank is seen as generally a partner with a strong country presence and influence, with significant roles in policy dialogue and support for implementation of countries' poverty reduction strategies (PRSs). As with other donors, however, there are areas where faster progress or other improvements can be made, and this report will be used to push for stronger implementation so that we may become a more effective development partner. Although the comments that follow do not comprehensively respond to every issue discussed in the report, they do provide the World Bank's perspective on a number of the issues raised and indicate how we may proceed further to address them.

The perception that there is room for improvement in the World Bank's support for capacity development is not surprising, as it is clear that this is an area where all development partners and partner countries need to do better. We appreciate the perception that the Bank's performance is reasonably effective in developing capacity at central levels within countries; in our view country-level capacity development is taking place in all Regions, including in Africa. This reflects the relationships built up over many years with central governments and also the growing recognition within the development community at large of the importance of institutions. Compared to past

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years, we are making far greater use of local capacities in, for instance, preparation of analytic work; however, we can still do better. The key action donors can take is to help countries to develop coherent country-based capacity strengthening strategies, which will then focus assistance programs. Within the Bank it is clear we need to focus further on building synergies across Networks, Regions, and the World Bank Institute to address capacity strengthening needs. We were surprised at the critique—upon which we will certainly reflect within the Bank—of our capacity-development efforts at local levels, as many of the projects and programs the Bank finances specifically address such needs.

The perception that the World Bank is not a major player with the private sector was also surprising, and we question if the survey participants are as familiar with International Finance Corporation programs as they are with the IDA programs in each of the countries where the study was undertaken. We would suggest that future surveys explicitly consider IFC programs. We appreciate that the Bank's alignment on national poverty reduction strategies is increasingly being recognized, but the perception that the Bank is still pursuing its own institutional goals and procedures when developing new operations is troubling. Indeed, we have taken and are continuing to take steps to address this concern. Beginning in FY03, each country assistance strategy for IDA countries must be explicitly based on the respective PRS. We are promoting greater reliance on sectorwide approaches based on government-led strategies coordinated with other donors, and are promoting the move away from parallel project implementation units (as evidenced, for instance, in the October 2005 guidance note to project staff on good practices in strengthening capacities and project management arrangements and in the ongoing preparation of good practice notes on various elements of sectorwide approaches).

As with other development agencies and donors, following through with harmonization is taking time. Nevertheless, as the report suggests, there has been important progress made—particularly at the strategic level, where harmonization is an important corporate priority, and at country level in a number of countries, as the report notes. We appreciate the recognition that the World Bank is participating in local harmonization initiatives as well as taking a lead role in donor coordination. But I think we can all agree that much more remains to be done by the Bank and by other donors. It is generally agreed that harmonization takes dedicated time and added effort, yet our clients rightly continue to expect delivery of aid programs; this creates a tension which will remain and which makes this task all the more difficult.

We acknowledge that the World Bank's general responsiveness at country level is perceived by many MOPAN country teams as still limited by insufficient decentralization. We would note, however, that there has been extensive decentralization of authority to country directors and to country managers, and that these managers have significant authority within the World Bank on matters of strategy. We recognize, though, that there remain concerns about decentralization of sector staff; this is an issue that we are continuing to review, and additional postings in-country may take place. In addition, more can and should be done to give local national staff more responsibility in project preparation, supervision, and analytic work, with more tasks being led from the field. However, it needs to be recognized that our borrowers expect Bank staff to be able

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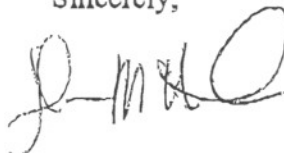
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to provide cross-country experience as well as deep country knowledge; international staff working across a range of countries will need to continue to travel on missions in order to meet this demand.

The World Bank's work and that of others (including your study) indicate clearly that implementation of better partnering can be strengthened, and that one way of addressing this is for staff to learn of partnership experiences and good practices developed in other countries. Working with other donors, the Results Secretariat within the Bank has prepared a "sourcebook" that compiles illustrative good practices in applying managing for results at the country, program, project, agency, and interagency levels and that shows how these principles can be used to promote harmonization among donors, alignment with countries' results systems, and greater aid effectiveness. Work is ongoing to prepare good practice notes on a number of other harmonization and partnership issues, including pooled financing, collaborative assistance strategies, harmonization of fiduciary requirements, experiences in fragile states, and country-level independent evaluations of aid. In our view, the incentives for partnering remain an important ingredient for further implementation. We, working with other donors, have undertaken some initial work on incentives within the Bank, which has led to changes in HR policies in the Bank to take account of work on harmonization when considering senior staff and management promotions. In the coming months we will undertake a next phase of analysis to understand better the incentives from a country office and project officer points of view.

As we look to the future, the broader message in the report and for the World Bank is that strengthening harmonization, cooperation with others, and partnership at the country level remains a challenge on which World Bank management must continue to keep pushing. We look forward to continuing to work with you on these matters.

Sincerely,



John Underwood
Acting Vice President and Head of Network
Operations Policy and Country Services