



## IV. Partnering with Civil Society to Boost Delivery and Results in IDA/IBRD Financing

The Development Committee “supported efforts to enhance operational effectiveness and efficiency to increase the speed, scale, and quality of implementation to better serve all clients, proactively managing risks through the World Bank’s robust environmental, social, and fiduciary standards and accountability mechanisms.”

—*Statement by Chair of the World Bank Group Development Committee, October 12, 2023*

- 1. Introduction.** In this chapter, we examine the progress and challenges in civil society (citizen and CSO) engagement (CSE) for enhancing the delivery of outputs and results investment, including Program for Results (PforR) and investment project financing (IPF) by the IDA/IBRD,<sup>1</sup> and present recommendations to expand such engagement. Annex 2 presents a detailed stocktaking of citizen, stakeholder, and CSO engagement in investment projects financed by the Bank.

Section A discusses the challenges IDA/IBRD clients face in implementing a rapidly growing volume of projects and programs and delivering verified results in output-based and budget-support financing. Section B discusses three ways expanded partnerships with CSOs can supplement government efforts and boost delivery and results. Section C discusses challenges in expanding partnerships with CSOs in lending operations and presents recommendations for addressing them.

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<sup>1</sup> The IDA and IBRD provide three types of financing: [Investment Project Financing](#) (IPF), [Program for Results Financing](#) (PforR), and [Development Policy Financing](#) (DPO). DPO provides support for the government’s budget without designating specific purposes.

## A. Challenges of Delivering Results in the Rapidly Expanding IDA/IBRD Financing

2. **Delivery challenges will be more acute during the proposed expansion of IDA/IBRD financing.** The rapid expansion in [financing](#) by more than \$150 billion under the [Evolution](#) and the calls for the largest ever IDA21 Replenishment (after the record high IDA20 Replenishment) would require heightened attention to the absorptive and delivery capacity of the governments, which is already stressed due to disruptions caused by COVID-19. Shifting to a higher proportion of financing from traditional investment projects to output-based and/or budget-support funding will also increase the need for scaled-up output/results verification.

**TABLE 1: Institutional Capacity for Implementation and Sustainability Risk Ratings of Active IDA/IBRD-Financed Projects**

<b>Risk Rating</b> (likelihood that insufficient capacity in government may adversely impact the implementation of the activities supported and/or achieve expected results)	<b>% of total IDA-funded active projects rated at “High” Institutional Capacity Risk</b>	<b>% of IBRD-funded active projects rated at “High” Institutional Capacity Risk</b>
<b>High Risk (H)</b>	11	5
<b>Substantial Risk (S)</b>	48	42
<b>Substantial or Higher Risk (S+H)</b>	59	47

Total of 2,096 active projects (1,238 IDA + 858 IBRD) involving \$273 billion (\$120B IDA + \$153B IBRD) commitments as of January 19, 2024. Source: [World Bank](#) (data updated daily).

One indicator of the magnitude of the delivery challenge is the assessment of the Bank staff on residual risk that institutional capacity may be insufficient to achieve expected results for a given financing operation. According to the [portfolio-level data](#) disclosed by the Bank, about 11% of the total active projects funded by the IDA face “high” risk and another 48% “substantial” risks that institutional capacity limitations of the implementing

agencies could adversely impact project implementation and/or results<sup>2</sup> (see table 1). While these numbers will fluctuate, they illustrate that the delivery challenges are significant, consequential, and widespread.

The delivery challenges are higher in IDA-financed projects, where nearly two out of three active projects face high or substantial risks that development outcomes may be adversely affected due to weaknesses in institutional capacity for implementation. Three inferences are drawn from the data. First, appropriately, the Bank is a risk-taker and not risk averse. Second, risks materialize in reality to varying degrees. Third, partnerships with CSOs in lending operations with high and/or substantial implementation risk ratings can help mitigate and lower the residual risks and improve development outcomes. Such partnerships may not mitigate all risk factors but can help faster and better implementation and delivery of results than what the governments can do alone.

## B. Three Ways CSOs Help Boost Delivery and Results in Projects and Programs

3. CSOs can facilitate the design and implementation of [citizen](#) and [stakeholder engagement activities](#) (box 2). These CE and SE activities provide citizens a stake in decision-making in development programs affecting them and enable them to provide feedback to improve implementation and responsiveness to their needs. In many instances, CSOs help citizens and communities by acting as social intermediaries between the citizens/communities and implementing agencies.

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2 Risk ratings are assigned for each lending operation using the Bank's [Systematic Operations Risk-Rating Tool](#) (SORT). SORT assesses Development Outcome Risk (DOR)—the risk to the client's ability to achieve expected outcomes (effectively, efficiently, and sustainably) in Bank-supported projects and programs—and the risk of harm or unintended consequences. The management does not pursue new lending operations where the inherent risks cannot be mitigated to an acceptable level. The SORT ratings reflect the residual risk (after mitigation). A high-risk rating is assigned when the probability of occurrence is greater than 75% and the impact on the development outcome would be major or severe. A substantial risk rating signifies a medium or higher probability of occurrence that could have a major adverse impact on the development outcome. Source: "[Interim Guidance Note: Systematic Operations Risk-Rating Tool \(SORT\)](#)," (World Bank Group, 2014). The staff guidance was updated on July 15, 2021, but not yet made available publicly. The update of SORT guidance is cited in appendix J of the [Results and Performance of the World Bank Group 2022 \(English\)](#). [Results and Performance of the World Bank Group 2022 \(English\)](#) (Washington, DC: World Bank Group, 2022).



**Box 2: Citizen and Stakeholder Engagement Mechanisms**

1. Meaningful consultations with stakeholders to receive inputs and respond to them during all stages of the project cycle. (Mandatory under ESS10)
2. Grievance redress mechanism (GRM) to receive and facilitate the resolution of project-affected parties' concerns and grievances related to the environmental and social performance of the project. (Mandatory under ESS10)
3. Beneficiary feedback collection on various dimensions of projects, such as effectiveness, quality, delivery time, transaction costs, targeting, resource utilization, and engagement processes. (Required by the IDA when beneficiaries can be identified)
4. Collaboration with citizens in decision-making processes and events to make the project more responsive to community needs and increase ownership by citizens. (Optional as agreed upon with the IDA recipient)
5. Citizen-led monitoring of service delivery, revenues, budget execution, procurement, contract awards, and budget execution to improve efficiency and reduce opportunities for corruption. (Optional as agreed upon with the IDA recipient)
6. Empowering citizens/communities with resources and decision-making powers on investments that meet their needs (e.g., as in CDD projects). (Optional)
7. Capacity building for CSOs, governments, communities, and national accountability institutions to engage and participate. (Optional)

\*Information Disclosure is mandatory under the Bank's *ESF ESS10* and *Access to Information Policy*. It is considered an essential but not sufficient condition for effective CE.

4. **CSOs can provide contractual services to supplement project IAs' efforts, especially in FCS situations.** Examples include promoting inclusion through community engagement and outreach; organizing participatory approaches, such as in CDD operations; public services delivery; and supporting the implementation of social and environmental development and mitigation components. In this role, CSOs are contracted by the IAs following the Bank and government procurement policies and procedures. Some CSOs are open to such contracts while others are not.

5. **CSOs can conduct TPM to improve and validate results.** A number of good practice notes and studies<sup>3</sup> by the Bank and others have documented many benefits of TPM (box 3). The Bank’s 2018 [Good Practice Note on Third-Party Monitoring](#) in the ESF defines a third party as “external to the project who is neither a direct beneficiary of the project nor part of the project’s management structure.” Annex 5 provides a summary of the conceptual and policy framework for TPM.

#### Box 3: Goals and Objectives of Third-Party Monitoring (TPM)

- Assure donors and the public that the implementing agency (IA) is meeting outputs and outcomes commitments
- Supplement IA and donor monitoring and serve as eyes and ears on the ground when IA and/or donor access is limited
- Improve performance and responsiveness through independently collecting beneficiaries’ feedback
- Verify compliance with processes and donor conditions
- Help mitigate unusual or high risks
- Assure communities and taxpayers of accountability and value for money in public spending
- Build community trust

Source: Authors' compilation

Depending on the context, TPM can be focused on achieving one or more goals (box 3). CSOs and academia are more typically involved in citizen and CSO-led monitoring using social accountability tools such as public expenditure tracking surveys, social audits, satisfaction surveys, community scorecards, participatory audits, budget or procurement monitoring, project quality monitors, or citizen report cards.

## C. Challenges and Opportunities

6. **Good progress has been made in planning citizen and stakeholder engagement in investment project financing by the IDA and IBRD.** During FY18 to FY21, 100% of projects approved by the Bank had a “citizen-centric” design (defined by the Bank as having one or more of the seven CE mechanisms shown in box 2); almost all projects had at least one beneficiary indicator in their results framework; 50 IDA countries set up enhanced GRMs

<sup>3</sup> These publications were accessed on June 29, 2022: Warren A. Van Wicklin III and Asli Gurkan, [How-to Notes: Participatory and Third Party Monitoring in World Bank–Financed Projects: What Can Nonstate Actors Do?](#) (World Bank Group, ND); [Good Practice Note: Environment & Social Framework for IPF Operations: Third-Party Monitoring](#) (World Bank Group, 2018); Richard Harrison, [Study on Best Practices in Third Party Monitoring](#) (Brussels: European Union, 2020).

and/or beneficiary feedback systems; and SEPs have been embedded in all projects approved since the 2018 launch of the [Stakeholder Engagement](#) Standard.

7. **Significant information gaps exist about the actual implementation and outcomes of citizen engagement (see annex 3 for a stocktaking of citizen engagement).** There has been no comprehensive review of the actual implementation and outcomes of CE in Bank-funded projects since the CE framework was adopted in 2014. (An [IEG evaluation of the CE framework](#) was based on data up to June 30, 2016.) Two out of three CE progress indicators at the corporate level are focused on project design, and the third is focused on compliance. There are no implementation progress indicators at the corporate level. Progress in IDA19 commitments for citizen and multistakeholder engagement is awaiting analysis. The provision of granular details regarding the Bank’s engagement with citizens and CSOs—and the extent to which commitments have been implemented—will be extremely valuable information for all IDA/IBRD development partners as they consider improving current citizen and CSO engagement in the Bank’s Evolution and current and future IDA-funded projects.
8. **The eight-year-old citizen engagement framework needs updating, and the following information gaps need to be closed:**
  - a. Extent and quality of implementation of planned CE/SE/CSO engagement in “citizen-centric” projects approved since FY16
  - b. Budgeting, procurement, and implementation practices for CE/SE/CSO engagement
  - c. The Bank’s organizational arrangements, resources, and incentives for effective CE/SE/CSO engagement
  - d. Improvements in monitoring, evaluation, and learning systems for CE/SE/CSO engagement
  - e. Implementation progress of citizen and CSO engagement commitments under IDA18-19
  - f. Improving synergy between CE and SE agendas
  - g. Extent and quality of implementation completion reporting on CE/SE/CSO engagement and related staff guidance
  - h. Documentation of good practices, lessons, and guidance notes

**Recommendation #5:** Update the citizen engagement framework, with due public consultations, as part of the new operating model. The update should elaborate on the role of CSOs in facilitating citizen engagement in financing and country engagement activities and emphasize the quality of implementation, earmarking of adequate funding for citizen and CSO engagement, and monitoring of outputs and outcomes.

9. **Boost delivery capacity by expanding partnerships with CSOs for service delivery and providing contractual services to implementing agencies (IA).** While expanding CSO engagement is not a substitute for a well-functioning IA, it can be a valuable complement to

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IAs for expanding the delivery of services and outputs. This complementarity has been well recognized by the Bank for decades and incorporated into the existing practice for IAs to engage CSOs to provide contractual services.

In particular, the Bank’s [Procurement Regulations for IPFs Borrowers \(November 2020\)](#) recognize that CSOs may be “uniquely qualified” to assist in specific project activities for nonconsulting<sup>4</sup> or consulting services. They provide that in such cases, the short list may be made up entirely of CSOs,<sup>5</sup> and CSOs should not normally be included in the short list with private sector firms.<sup>6</sup> However, such partnerships are being constrained by the recent ambiguities in the CSO engagement framework, the lack of staff guidance as discussed in chapter II, and a lack of searchable information on awards of contracts to CSOs (for eliminating these constraints, see recommendation #1). The new [World Bank Playbook and Approach to Delivery](#) should guide staff to proactively promote partnerships between government and CSOs to rapidly scale up to deliver services and outputs.

- 10. Deployment of citizen and CSO-led TPM in Bank-supported operations has been negligible despite the significant benefits (box 3 and 4).** In 2013, the Bank published a how-to note on [Participatory and Third-Party Monitoring in World Bank–Financed Projects: What Can Nonstate Actors Do?](#) The 2014 [CE strategic framework](#) included citizen-led monitoring as one of the seven CE mechanisms (box 2). The [Program for Results](#) (PforR) lending by the Bank allows CSOs to be engaged as independent verification agents. However, the use of this option has been negligible. 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 (18 percent of projects)—a missed opportunity, as this is where citizens could contribute their unique vantage point.”*<sup>7</sup>

During FY18–21, only 4% of more than 1,000 projects approved by the IDA/IBRD selected citizen-led monitoring in “citizen-centric” projects.<sup>8</sup> A search of implementing agencies’ contract awards with TPM in the contract description yielded only 88 contracts during 20 years (2002–2022).<sup>9</sup> According to the [ESF Good Policy Note on TPM](#), as of 2018, US\$51.5 million was spent in seven FCS-affected countries at an average cost of around \$2 million per contract.

- 11. The negligible use of TPM could be ascribed to several external and internal constraints.** According to the survey included in the [IEG evaluation of the citizen engagement framework](#),

4 “[Procurement Framework for IPF Projects: For Projects after July 1, 2016](#)” (World Bank Group, 2023), 41, para. 6.52.

5 World Bank, “[Procurement Framework](#),” 50, para. 7.29.

6 World Bank, “[Procurement Framework](#),” 48, para. 7.18.

7 Independent Evaluation Group, [Engaging Citizens](#), 19.

8 Source: Information provided by the World Bank.

9 World Bank Group Finances, “[Contract Awards in Investment Project Financing](#)” (World Bank Group, 2023) (all contracts financed by the World Bank under Investment Project Financing (IPF) operations); World Bank Group Finances, “[Corporate Procurement Contract Awards](#)” (World Bank Group, 2023) (contracts executed by the World Bank and valued more than \$250,000). Databases are published by the Bank and were accessed on April 22, 2022, and April 18, 2022, respectively. Databases were filtered for “third-party monitoring” in contract descriptions. This may understate the count. The databases do not identify whether a contract awardee is a commercial firm or a CSO.

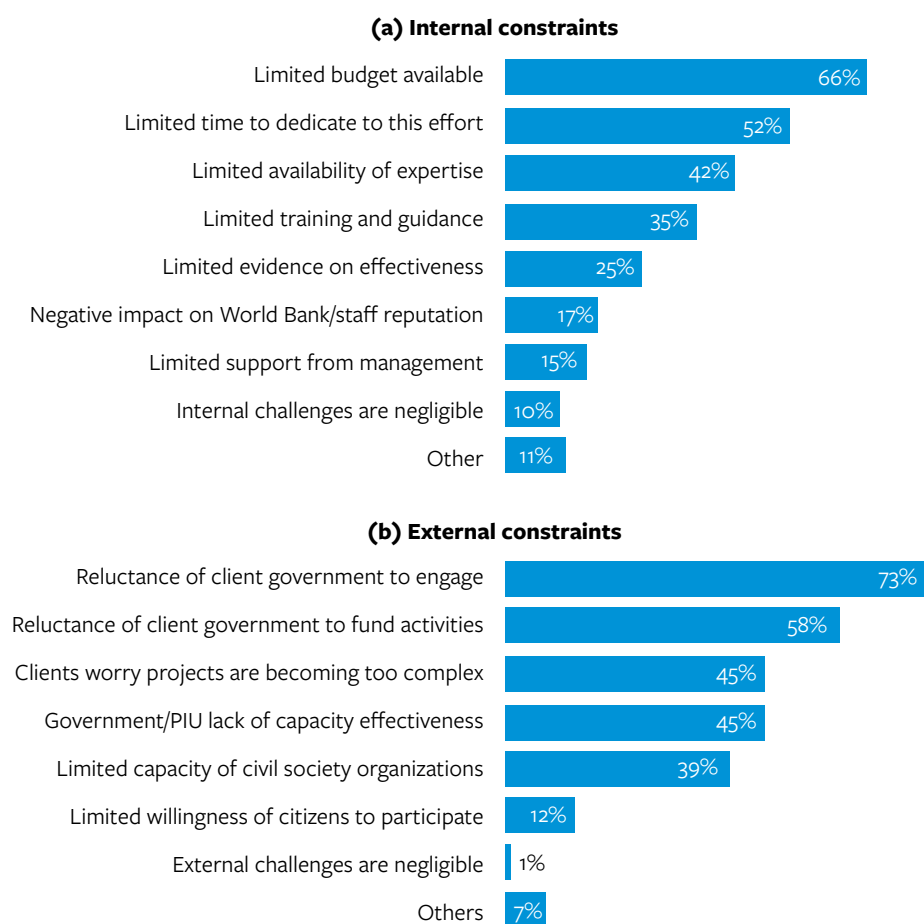
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the top four internal and external constraints (figure 1) to implementing the agenda are (a) internal limited budget, time, expertise, and training, and (b) external reluctance of client governments for citizen and CSO engagement and for funding it, worry about adding to project complexity, and limited CSO/government capacity.

Many IDA recipients are reluctant to spend scarce IDA allocations to fund CSOs or other third-party monitors to hold the implementing agencies accountable. Some recipients may be concerned that potentially negative findings from independent TPM could affect prospects for future funding. During consultations, Bank staff have pointed out constraints such as difficulty in identifying the full landscape of CSOs in the country, especially those CSOs with TPM expertise, and lack of skilled and credible third-party monitors, particularly among local CSOs.

These are all valid concerns and constraints. However, they are not universal. TPM is used in many situations, and there is room to make progress with appropriate interventions based on good practices.

**FIGURE 1: Main Constraints to the Implementation of the Citizen Engagement Agenda, According to the World Bank Staff**



Source: Independent Evaluation Group Staff Survey. Note: Percentages add up to more than 100 percent because respondents could identify up to three constraints.



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**Recommendation #6:** Assess the adequacy of staff deployment and incentives in country offices to facilitate citizen and CSO engagement and augment as needed.

**Recommendation #7:** Issue staff guidance to expand and monitor citizen and CSO-led third-party monitoring to improve process legitimacy and results in investment projects, program for results, and development policy financing.