

THE FESI IN GUANAJUATO: A STEP FORWARD, OR MORE OF THE SAME?

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In 2004, the World Bank chose the state of Guanajuato to pilot a new way of managing international development project funds, *Country Systems*, which attempts to strengthen local capacities to carry out projects while simultaneously reducing operating costs and implementation time.

However, there was some concern— within Mexico as well as in the international community— about the new directions in which *Country Systems* seemed to be headed. Specifically, people raised questions about whether it could weaken the World Bank's operational policies, and in particular their social and environmental safeguard measures.

However, the World Bank decided that Guanajuato had ideal conditions to loan \$208 million USD for a pilot project called *Financiamiento de Estrategias Sectoriales Integrales* (officially called the Decentralized Infrastructure Reform and Development Loan in English, or FESI in Spanish), which included investments for roads, potable water, sanitation and housing, as well as institutional development.

Unfortunately, although the design is innovative on paper, many of the practices involved in its execution have turned out to be traditional and bureaucratic. The project is behind schedule in a number of aspects; and progress in the areas of civic participation and access to information has been superficial rather than substantive.

In response to the Guanajuato state government's clear lack of interest in building participatory processes, and a relatively weak civil society, the World Bank has now subtly recommended that project managers try to create a minimum degree of consensus around a project that is having difficulty meeting expectations.