

World Bank Response to a Communiqué from Civil Society Organizations¹

¹ Presented to the World Bank by civil society participants at the World Bank - Civil Society Global Policy Forum held in Washington, DC from April 20 – 22, 2005.

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INTRODUCTION

This communiqué was presented by a number of civil society organizations (CSOs) to World Bank management at the World Bank - Civil Society Global Policy Forum, which was held in Washington, DC from April 20 – 22, 2005. The Forum brought together some 200 participants from around the globe, including civil society leaders, developing country government officials, parliamentarians, donor agency representatives and staff of the World Bank and IMF for the dual purpose of reviewing the Poverty Reduction Strategies (PRS) process and discussing possible ways forward for Bank – civil society engagement. The CSO representatives came from over 50, primarily developing, countries and consisted of a broad array of groups including labor unions, NGOs, faith-based groups, foundations, and community-based organizations.

The Bank appreciates the time and effort invested by those CSOs who participated in the Forum and in the drafting of the communiqué, which includes a set of recommendations for improving the impact of the Bank's development efforts and the quality of its relations with civil society. Bank management has reviewed the communiqué carefully and acknowledges the relevance and constructive nature of the recommendations. We believe there is a great deal of common ground between the Bank and CSOs on these issues. Many of the recommendations point to areas where the Bank is already taking action to improve the quality and impact of its work. In particular, several of the recommendations relate to the 10 action items that were adopted in the recent World Bank paper *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations*.

In this note, the Bank responds to each of the recommendations in the order they are presented in the communiqué. The Bank's responses are necessarily in summary form but with links to the websites, larger documents and reports for more details on the issues under consideration and work that is already underway.

The Bank welcomes a continued dialogue with interested CSOs on these and other issues of concern. This response with the links to all the documents referenced will be posted on the Bank's website for civil society at www.worldbank.org/civilsociety. Comments and questions on the responses should be directed to the Bank's Civil Society Team via email to civilsociety@worldbank.org or by telephone at 1-202-473-1840.

COMMUNIQUE RECOMMENDATION 1 - Promote the Millennium Development Goals

WORLD BANK RESPONSE - The Bank has fully embraced the Millennium Development Goals (MDGs) as a central focus of our strategy to reduce global poverty, and we are working on many fronts with member governments, donor agencies, civil society and the private sector to address all eight goals. In particular, we are working with developing countries to design and implement Poverty Reduction Strategies (PRSs) that will help them achieve all of the MDGs.

Earlier this year, the Bank published the *Global Monitoring Report 2005 Millennium Development Goals: From Consensus to Momentum*, which drew on UN and other reporting on the status of each of these goals and provided an update on policies and actions geared to supporting the MDGs. A key conclusion of the Report is that official development assistance remains well short of what poor countries need and can use effectively given recent and prospective progress on policy and institutional reform in many countries. It also warned that efforts need to be re-doubled in some areas if the goals are to be reached by 2015, particularly in low-income countries. Please visit the website below to see full report:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/GLOBALMONITORING/XT/0,,pagePK:64022007~theSitePK:278515,00.html>

The Bank believes that continued advocacy for the MDGs is critical. The Bank has welcomed the efforts this year of the Global Call for Action Against Poverty campaign, through which CSOs from throughout the world have joined forces to call for an increase in development assistance, greater debt relief, and improved trade conditions for poor countries. The Bank shares these objectives as a means to achieving the MDGs, and we hope to continue working with CSOs to make sure the goals are met.

COMMUNIQUE RECOMMENDATION 1.1 - Debt cancellation for low-income developing countries

WORLD BANK RESPONSE - The Bank welcomed the G8 proposal for debt cancellation to Heavily Indebted Poor Countries (HIPC). Now called the Multilateral Debt Relief Initiative (MDRI), this innovative proposal will provide additional financial support to HIPCs to reach the MDGs while ensuring that the financial capacity of the International Financial Institutions is fully preserved. The bulk of the debt relief envisaged by the proposal would be provided by International Development Association (IDA). IDA is expected to implement the new initiative beginning July 2006, which is the start of IDA's next fiscal year.

It is also important to note that through the HIPC Initiative, over the past few years a number of creditors including the World Bank have already approved debt relief for 28 countries that will amount to over \$56 billion in nominal debt service relief. Savings from HIPC relief have allowed these countries to increase poverty-reducing expenditures from US \$5.9 billion in 1999 to US \$10.8 billion in 2004. This is projected to increase to US \$16.5 billion in 2007. Please visit the following websites for more information:

HIPC Initiative: **www.worldbank.org/hipc**

MDRI:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTDEBTDEPT/0,,contentMDK:20634753~menuPK:64166739~pagePK:64166689~piPK:64166646~theSitePK:469043,00.html>

Development Committee: www.worldbank.org/devcomm

COMMUNIQUE RECOMMENDATION 1.2 - *Innovative mechanisms to increase development aid*

WORLD BANK RESPONSE - The Bank has been working with other international organizations and governments to develop new financing approaches to increase development aid, as a significant increase in aid will be needed for achievement of the MDGs. The conclusion of the IDA-14 replenishment process earlier this year was an important step, as it included increased new levels of grant financing for low-income countries. Under the agreement reached by donor countries in April 2005, \$33 billion will be made available during the next three years to the world's 81 poorest countries, where the vast majority of the people live on less than \$2 a day. Of this amount, about \$18 billion will come from new contributions from 40 donor countries. This represents an estimated 25 percent increase in overall resources over the previous replenishment. In addition, announcements this year by several donor countries to increase their overall aid commitments have provided additional prospects of substantial increases in official development assistance over the next five years.

However, existing and new aid commitments will take time to materialize, and the Bank recognizes the need for new and innovative mechanisms for development financing. The Bank prepared a report for discussion by the Development Committee entitled *Aid Financing and Aid Effectiveness*, which examines new financing proposals in three areas: the pilot International Finance Facility for Immunization; the airline ticket levy; and work underway on blending arrangements. The Bank and IMF staff also produced a report in April 2005 entitled *Moving Forward: Financing Modalities to the MDGs* which examined such financing proposals as well as private voluntary contributions. These reports can be accessed on the web at:

[http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20651878/DC2005-0020\(E\)-AidFin.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20651878/DC2005-0020(E)-AidFin.pdf)

[http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20449410/DC2005-0008\(E\)-FinMod%20Add1.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20449410/DC2005-0008(E)-FinMod%20Add1.pdf)

COMMUNIQUE RECOMMENDATION 1.3 - *Free and fair trading system, including the elimination of subsidies on agricultural products and commodities in developed countries*

WORLD BANK RESPONSE - The Bank agrees that changes in the global trading system are needed to make it much more supportive of development in the poorest countries and for poor people across the developing world. It is trade -- not aid or debt relief alone -- that holds the key to creating jobs, raising incomes and allowing poor countries to generate growth. That is why the Bank has been advocating strongly for a "pro-development" outcome in the trade talks underway through the World Trade Organization's Doha Round. If millions of people are to be lifted out of poverty, the Doha Round needs to deliver substantial liberalization in agriculture,

led by the developed countries, and aid for trade to help the poorest countries take advantage of new trade opportunities and to cope with adjustment.

At the country level, the Bank has been supporting developing countries in their efforts to improve their own policies, institutions and infrastructure (i.e., roads, ports and telecommunications) in order to use trade to help spur growth and reduce poverty. This work includes strategic assistance to clients in support of pro-poor trade-related reforms, with special attention to the low-income countries that are most in need of Bank support.

The Bank's Agricultural Trade Group is committed to a pro-development, pro-poor global trading system for agriculture. As part of that commitment, the Bank provides technical assistance and policy advice to its clients, engages in joint analytical work and knowledge sharing, and works through partnerships. The goal is to ensure that developing countries have the skills and capacity to participate in the global marketplace on an equal footing, and to negotiate both with partners and in international fora, such as the WTO, so that they can maximize their opportunities in the global agricultural marketplace.

For more information on the Bank's work on trade, please visit: www.worldbank.org/trade

COMMUNIQUE RECOMMENDATION 1.4 - Universal free, quality basic education and health care

WORLD BANK RESPONSE –The Bank agrees that access to basic education and health services is vital to improving the welfare of poor people in developing countries. Today the Bank is the largest external funder of **education** in the world. In fiscal year 2005, the Bank's education portfolio consisted of 143 operations in 88 countries amounting to \$8.4 billion. Achieving the MDG for universal primary education by 2015 is a top priority for the Bank, which is why in 2002 the Bank, along with other leading donors, launched the Education for All Fast Track Initiative to accelerate progress toward this goal. The Bank is also actively promoting girls' education. For more information on the Bank's work on education please visit: www.worldbank.org/education

and also please visit the EFA Fast Track Initiative website at:

<http://www1.worldbank.org/education/efafti/>

The Bank also finances numerous **health** projects and is the largest long-term funder in prevention and mitigation of AIDS worldwide. In Africa alone, the Multi-Country AIDS Program is providing \$1.2 billion to fight the AIDS epidemic in 27 countries, with roughly 40 percent of the funds earmarked for CSOs. The World Bank Global Program of Action reviews new developments in the global AIDS response and lays out five priority action areas where the Bank is focusing its efforts. For more information on the Bank's work on HIV/AIDS, please visit: www.worldbank.org/aids

In order to ensure increased access to these basic services, the Bank does not support user fees for primary education and basic health services for poor people. Experience shows that, particularly in relation to education, user fees restrict the ability of poor people to send their

children to school. The Bank also supports provision of free basic health services for the poorest groups while at the same time helping governments find new ways to guarantee adequate and sustainable financing for such services. To view the Bank's complete statement on user fees, please visit the website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040982~menuPK:34480~pagePK:34370~theSitePK:4607,00.html>

It is important to recognize that health services in many low-income countries are not provided by public agencies, but by a wide range of non-state providers which includes the private sector and civil society. These providers of necessity, such as NGOs and faith-based groups, often have chosen to charge a very modest level of user fees to their patients, with free provision for the very poorest who are unable to afford even a very modest user charge. It is the out-of-pocket payments made to non-state providers of services (sometimes as high as 80 percent of health spending) which represents a much larger problem for poor countries than user fees in public facilities.

COMMUNIQUE RECOMMENDATION 1.5 - Sound governance systems and frameworks of accountability

WORLD BANK RESPONSE – The Bank is actively supporting the development of sound governance systems and frameworks of accountability. Since 1996, the Bank has supported more than 600 anti-corruption programs and governance initiatives in its member countries. The Bank has taken a clear public stance that corruption is an impediment to growth and poverty reduction. In fiscal year 2005, Bank lending for governance, public sector reform and rule of law totaled \$2.9 billion, or about 13 percent of the Bank's total new lending. For more information on the Bank's work on fighting corruption and promoting good governance, please visit the website at: **<http://www1.worldbank.org/publicsector/anticorrupt/index.cfm>**

New global standards of governance are emerging and citizens of developing countries are not only demanding better performance on the part of their governments, but are increasingly aware of the costs of poor management and corruption. Attitudes are also changing in developed countries where bribery is no longer viewed as a legitimate cost of doing business overseas. At the World Bank and other international agencies, scarce resources must be allocated to governments that will use them most effectively, and countries are asking for help in diagnosing governance failures and in finding solutions. Thus there is new interest in finding relevant indicators to measure the performance of governments and governance systems. The Bank's *Indicators of Governance and Institutional Quality* website links to many of the existing indicators, by indicator source, for all countries. It also provides a brief "User's Guide" describing the ways in which indicators differ from each other, to help in selecting the most appropriate indicators. To view the indicators, please visit the website at:

<http://www1.worldbank.org/publicsector/indicators.htm>

Equally significant are the Bank's efforts to help strengthen the "demand" side of governance, which is understood as the actions whereby individuals, communities and other groups in society hold public institutions accountable for managing public resources, and more broadly for discharging their responsibilities in a responsive and competent manner, for the benefit of

society. These include mechanisms to foster transparency and to assure civic participation, including in oversight arrangements and in the provision of public services. The Bank's support in this respect includes capacity building of both governments and civil society, development of analytical and operational tools, and technical guidance to facilitate engagement of civil society in promoting more effective and transparent public policy making, budgeting and delivery of services. This is further discussed below in the response to **Communiqué Recommendation 2**.

Additional information about the Bank's work on fighting corruption and promoting good governance is provided in the response to **Communiqué Recommendation 6** later in this document.

COMMUNIQUE RECOMMENDATION 2 - *Promote civil society engagement in all phases of the policy and project cycles, including PRS formulation, monitoring and evaluation.*

WORLD BANK RESPONSE – While the Bank's member governments are the institution's owners and primary clients, Bank management and member governments alike have recognized that engaging proactively with other stakeholder constituents, including CSOs, improves development effectiveness. The Bank is committed to continue expanding civil society engagement and has made important strides in both consulting civil society about its development policies and strategies, as well as involving CSOs in Bank operations. The Bank recognizes that engaging with CSOs contributes to poverty reduction in a number of ways, including giving voice to the concerns of primary and secondary stakeholders, particularly those who are poor and marginalized; strengthening and leveraging the impact of development programs; and improving public transparency and accountability. The paper: *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations*, reviews the Bank's engagement with CSOs and outlines 10 actions, now under implementation, which aim to promote more effective engagement with civil society in Bank-supported activities in the future. To view and download this paper, please visit the following website:

<http://www.worldbank.org/civilsociety/issuesandoptions2005>

CSOs have been consulted on the major Bank policies introduced or updated in recent years including information disclosure, safeguards and development policy lending; on flagship reports such as the *World Development Report* (WDR); and on evaluations carried out by the independent Operations and Evaluation Department (OED). The Bank also consults CSOs on Country Assistance Strategies (CASs), sector strategies and projects. Often these discussions involve multiple stakeholders, including representatives of governments, private sector organizations, and other donor agencies as well as CSOs.

The Bank has put major emphasis in recent years on strengthening the interaction between citizens and their governments in order to improve the responsiveness and accountability of public institutions. "Social accountability", the term used to describe this approach, focuses on building accountability through civic engagement, a process in which ordinary citizens and/or CSOs participate directly or indirectly in exacting accountability from public institutions. When civil society engages in policy debates and monitors budgets, for instance, it expands the public policy space by giving access to information and amplifying the voices of those who are not in

decision-making positions. The involvement of civil society can also contribute important and independent insights into the development of national policies. In developing this approach, the Bank has collaborated with, and learned from, leading CSOs in several developing countries. To date, the Bank has supported these activities through capacity building, and piloting of various initiatives in more than 20 countries. There are ongoing efforts to build these “social accountability” elements into the Bank’s lending operations.

In a number of countries, the Bank has prepared analytical studies to assist governments in improving the institutional, legal and regulatory environment for civic engagement and social accountability. Country assessments have been completed in Senegal, Albania, Guinea Bissau, Angola, and Togo, and are currently under way in Ghana, Sierra Leone, Ecuador and Mongolia. These participatory assessments, which involve a range of stakeholders from CSOs, government, parliaments, labor unions and academic institutions, look at the environment for civic engagement in various contexts, including conflict-affected and transition countries.

The Poverty Reduction Strategies have provided an important platform for governments to facilitate the involvement of civil society in the design, implementation and monitoring of policies for economic growth and poverty reduction. The breadth and scope of this participation has varied from country to country. The *Bank/IMF PRS 2005 Review* notes that opening the space for dialogue is a key element in domestic accountability, and that broadening the national policy dialogue on PRS, with deeper and sustained involvement of all stakeholders on a wider range of issues, is an opportunity for developing greater flexibility in implementing national development policies, making these policies more inclusive and effective. The *2005 PRSP Review* can be found on the following website:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,menuPK:384207~pagePK:149018~piPK:149093~theSitePK:384201,00.html>

For more examples of how CSOs are participating in policy or project cycles, please see the *World Bank–Civil Society Engagement: Review Of Fiscal Years 2002–2004*. This report includes an annex detailing how CSOs were consulted during the drafting of CASs in 67 countries, and how they participated in the formulation of PRSs in 48 countries. The report can be viewed on the following website:

http://siteresources.worldbank.org/CSO/Resources/World_Bank_Civil_Society_Progress_Report_2002-2004.pdf

More background and all of the documents listed here also can be accessed through the Bank’s website for civil society at **www.worldbank.org/civilsociety**

COMMUNIQUE RECOMMENDATION 3 - Develop and introduce indicators to measure and assess participation and its impact on poverty.

WORLD BANK RESPONSE –The Bank has learned that the quality and outcomes of stakeholder participation processes are greatly determined by country context and social factors unique to each situation. Efforts to come up with a standardized set of “participation benchmarks” which is then used to measure participation across countries and across different “engagement objects” (politics, policies, budgets, investments, community projects) are very

likely to be so broad and generic as to not be useful to a particular social, cultural, and political setting, as well as for a particular stakeholder involvement. Rather than investing in universal and inherently prescriptive indicators, the Bank favors an approach to help in-country stakeholders to self-assess the functioning and relevance of participation (e.g., with regard to poverty reduction policies and programs), according to their own indicators and criteria of success. Such self-assessments by various actors help to facilitate a dialogue between stakeholders on how to improve the breadth and quality of participation in the context of their particular norms, values, rules and historical experiences. It is in this area where we see a fruitful field for concrete country-based collaboration with CSOs, governments, and other actors.

Measuring the impact of various types of participation remains a challenge. Issues such as determining causality, establishing base line data, and monitoring impact over time often makes it difficult to determine what impact participatory approaches have on poverty reduction. Nonetheless, there is a growing amount of evidence coming from research in various disciplines such as health (e.g., participatory health planning in Nepal has reduced neo-natal mortality by 30% as compared to traditional approaches), and budgeting (e.g., participatory approaches have led to significant improvements in pro-poor spending) which allows measurement of the impact of participation on poverty in a particular country. A participatory assessment approach differs from more conventional methodologies in that it seeks to engage key project stakeholders more actively in reflecting and assessing the progress of their project and in particular the achievement of results. Among the core principles are; that primary stakeholders are active participants – not just sources of information; the need to build capacity of local people to analyze, reflect and take action; joint learning of stakeholders at various levels; and a commitment to taking corrective actions.

The Bank has expanded its own work in this area by undertaking a few rigorous impact evaluations related to participation and social accountability, as well as incorporating qualitative and participatory impact assessments into the monitoring and evaluation process. However, the complexity, time, and resources required suggest that these types of impact evaluations will probably not be scaled up considerably. A more promising approach is to encourage research institutions in the North and the South to engage in this research.

For more details on the conceptual basis, tools, and Bank experiences in participation, please visit the website at: www.worldbank.org/participation

COMMUNIQUE RECOMMENDATION 4 - *Make widely available all information including internal documents and encourage independent research by civil society or academia to inform a timely debate on alternative policies.*

WORLD BANK RESPONSE - The Bank has learned that the practice of sharing information is essential for sustainable development. It stimulates public debate on and broadens understanding of development issues, and enhances government transparency and accountability. Transparency can also improve the quality and sustainability of policies, programs, and projects.

The Bank significantly expanded its publicly available information beginning in 1993. In 2001, a review of the Bank's information disclosure policy was carried out involving extensive public consultations with CSOs, governments and other stakeholders around the globe. As a result of that review, the Bank further expanded the range of documents it discloses as well as access to that information. As a result, nearly all Bank documentation is now publicly available, ranging from Country Assistance Strategies (CAS) and sector studies, to project-related documents and summaries of discussions by the Bank's Board of Directors. There are cases, however, where there are limits to public disclosure of government-related confidential information.

The Bank has also made important strides in recent years to make its information more accessible. First, the Bank continues to enhance its website and online databases of projects and documents so CSOs can access these from around the world. The *World Bank Catalog*, released in September 2003, provides a single point of entry to information that has been disclosed or is eligible for disclosure. Second, the Bank has expanded the InfoShop, located in Washington, DC, which is an international development bookstore and information center, a one-stop-shop for economic and social development literature and a source of information on the Bank's work. Publications on development topics from dozens of CSOs and not-for-profit publishing houses are also sold at the InfoShop. Third, the Bank has established Public Information Centers (PICs) and public information services in 96 countries – a nearly 50 percent increase over the past 3 years alone -- to provide the general public with access to Bank and other development agency information and to the internet. Information knowledge specialists have been hired and trained to staff these centers, and pilot projects have been funded in nearly two dozen countries to encourage PICs to implement innovative and proactive outreach efforts to civil society and other key stakeholders.

The Bank also is undertaking a major new effort to translate Bank documents into local languages.

We want to acknowledge that many CSOs, such as the Bank Information Center (BIC) and Bretton Woods Project (BWP) have been instrumental in helping the Bank improve its information disclosure policy by advocating for greater disclosure, providing technical suggestions, and monitoring implementation of the disclosure policy. The disclosure efforts are still a work in progress, and the Bank's Information Disclosure Unit and PICs around the world welcomes the continued feedback from CSOs on the design, functionality, and coverage. For more background on the Bank's disclosure policy and efforts to expand disclosure, please visit the website at: www.worldbank.org/disclosure

In the area of research on alternative policies, one of the tools being increasingly used by the Bank to measure poverty impact and as preparation for financing poverty reduction loans is the Poverty and Social Impact Analysis (PSIA) framework. The main focus of the PSIA framework is to analyze the distributional impact of proposed policy reforms on the well-being or welfare of different stakeholder groups, with particular focus on the poor and vulnerable. PSIA also analyzes trade-offs among different reform alternatives, assesses risks, and designs mitigating measures. When done in a participatory fashion, by working closely with governments and consulting with stakeholders and involving CSOs and local researchers in the analysis, PSIAs can also help to build ownership for poverty reduction efforts and build

analytical capacity at the country level. The Bank has welcomed discussions with many CSOs, such as Eurodad, on the research they have been doing to monitor the implementation of PSIA. For more details on the PSIA framework, please visit the website at:

<http://lnweb18.worldbank.org/ESSD/sdvext.nsf/81ByDocName/PovertySocialImpactAnalysis>

COMMUNIQUE RECOMMENDATION 5 - *Invest in discovering, building and mobilizing the capacities of civil society.*

WORLD BANK RESPONSE – A strong and vibrant civil society is critical for equitable and sustainable development. It is for this reason that the Bank has expanded its capacity-building activities with, and for, CSOs. These efforts have ranged from technical skills training and policy analysis courses to institutional strengthening workshops. While some of the training takes place at the global and regional levels, the great majority occurs at the country level, often tied to efforts to improve the performance of Bank-financed projects. The training is quite diverse and includes thematic areas such as gender equity, environmental conservation, social accountability, citizen participation, AIDS prevention, and labor policies. While much of the training takes place in face-to-face sessions, trainers increasingly rely on distance-learning technologies such as videoconferencing. In some cases, CSOs utilize the videoconferencing equipment available in Bank offices or at the semi-independent video conferencing centers that are part of the Global Development Learning Network (GDLN) to promote their own training.

The World Bank Institute’s Community Empowerment and Social Inclusion (CESI) program, together with many other units across the Bank, supports capacity building for civil society by promoting knowledge sharing among civil society practitioners, national and local government officials, media representatives, and other stakeholders. Learning methodologies include workshops, needs assessments, videoconferences, roundtables, exposure visits, and web-based learning. Through these programs, the Bank has trained several hundred indigenous leaders from Latin America, women community leaders from Africa, and youth and community leaders from Eastern Europe in negotiation skills, participatory budget monitoring, and civic participation. An example of this type of learning event was the “Regional Conference on Citizen Engagement for Enhanced Accountability” held in May 2005 in Ghana, which brought together more than 120 participants from 18 African countries to exchange experiences and analyze the conditions necessary to successfully promote civil society involvement in transparency and accountability. For more information on the CESI program, please visit the website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CESILPROGRAM/0,,contentMDK:20269706~menuPK:459669~pagePK:64156158~piPK:64152884~theSitePK:459661,00.html>

The Bank is collaborating with a number of agencies in a global grant making and technical support initiative to build capacities of civil society organizations in low income countries for civil society engagement in the budget cycle. The CSO-led Civil Society Budget Initiative (CSBI) seeks to make public budgets more “pro-poor” and transparent in the context of national Poverty Reduction Strategies. For more information on the CSBI, please visit the website at: www.internationalbudget.org

The Bank's Civil Society Team has also carried out training on Bank–civil society engagement for CSOs over the past three years. The sessions have focused on providing CSOs with a better understanding on how the Bank operates. Two training sessions on the World Bank governance structure, policies, and programs were provided to CSOs in Rome (Italy) and Bonn (Germany) during June 2004. These sessions were organized jointly with national civil society networks in those countries and involved collaboration with a French association of CSOs (ACDE) that provided a trainer for each of the sessions. A similar session for U.S.-based CSOs was organized by InterAction and held in Washington, D.C., in October 2003. Please visit the InterAction website for more information on this session:

<http://www.interaction.org/wb/101.html>

Of course there are limits to what the Bank can and should do in this area; and the Bank believes that capacity building interventions should largely be demand-driven. CSOs themselves should ultimately determine the content and methodology of their own capacity-building activities to be undertaken since they know best what their training needs are and in order to maintain their autonomy vis-à-vis the Bank. The Civil Society Team at the Bank welcomes suggestions from CSOs as to how the Bank can support them in their capacity-building efforts.

COMMUNIQUE RECOMMENDATION 6 - *Support civil society in its efforts to curb corruption and ensure transparency, including monitoring of poverty reduction funds, external audits of loans, etc.*

WORLD BANK RESPONSE – Through various public sector reform programs and other supply-side anti-corruption initiatives, the Bank continues to support efforts to curb corruption. Increasingly, it is engaged in initiatives to strengthen demand-side efforts to curb corruption, notably through strengthening monitoring of public services by CSOs. As part of the Bank's anticorruption efforts discussed in the response to **Communiqué Recommendation 1.5**, the Bank is working closely with CSOs such as Transparency International that have expertise in these areas. The Bank sees its focus on social accountability, described above, as a contribution to reducing corruption by increasing societal demand for good governance, particularly through monitoring of public institutions.

To ensure that the Bank's own funds are used for their intended purposes, the Bank has established a Department of Institutional Integrity (INT). INT investigates allegations of fraud and corruption and has established a Sanctions Committee to adjudicate cases and assess penalties. The Bank runs a global, 24-hour-a-day anti-corruption telephone hotline and also can receive complaints by e:mail; CSOs are encouraged to use these tools either anonymously or directly. Since 1999, more than 2,000 cases have been investigated and closed. Over 350 companies and individuals have been sanctioned from doing business with the Bank, and their names and sanctions are posted on the Bank's external web site. INT also supports training for Bank staff to identify ways to detect and deter fraud and corruption in Bank Group operations. Please visit the website for more information on INT's work at: **www.worldbank.org/integrity**

COMMUNIQUE RECOMMENDATION 7 - *Promote the documentation, use and exchange of best practices and lessons learned in relation to stakeholder engagement.*

WORLD BANK RESPONSE –As the Bank has expanded engagement with CSOs and other stakeholders, it has faced a new set of challenges in ensuring that best practices are followed by its own staff and by government counterparts. The quality of Bank-supported consultations remains uneven. This issue was highlighted in the 2005 paper *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations*. As one of the action items in the paper, the Bank agreed to establish a Bank-wide advisory service for consultations and improve the institutional framework for consultation management and feedback. To view and download this paper, please visit the following website:

<http://www.worldbank.org/civilsociety/issuesandoptions2005>

There are a number of efforts already underway in the Bank to improve the documentation, use and exchange of best practices and lessons learned. Over the past three years, the Civil Society Team has carried out a series of stakeholder consultation training workshops involving over 200 Bank staff. The program includes presentations on civil society and the conceptual underpinnings of participation, panels on Bank experience with participatory approaches, and interactive simulations on designing consultations. During 2005, a Washington-based CSO, PACT, was involved in planning and co-facilitating the training sessions and CSO representatives were invited to participate. The Civil Society Team also has developed a Stakeholder Consultation Sourcebook, which highlights best practices and lessons. To download this document, please visit the website at:

<http://siteresources.worldbank.org/CSO/Resources/Consultations-SOURCEBOOK-May-2004.pdf>

Beyond stakeholder consultations, the Bank has found that stakeholder engagement can best be strengthened via support to capacity building and action-learning of CSOs, government officials and other stakeholders at the country level. It needs to be related to specific policy reform, governance or program/project planning and implementation processes. It is in these situations that the Bank can help create space, build on its convening power, and at times successfully support government and CSO dialogues in a facilitator role. The Bank invites interested CSOs to assess and jointly learn with Bank colleagues how to enhance this type of partner-centered support and the underlying institutional incentives and human resource implications. The Bank is committed to better knowledge sharing in this area, but also to learning from CSOs and other organizations about how to make stakeholder engagement more effective.

COMMUNIQUE RECOMMENDATION 8 - *Engage all affected stakeholders in an open dialogue on macroeconomic framework and structural reform proposals in order to achieve national ownership and coherence between the PRS and the PRGF.*

WORLD BANK RESPONSE – The Bank has taken important steps over the past decade to assist governments in promoting civil society involvement in the discussion and formulation of macroeconomic policies, recognizing that such stakeholder participation builds public

consensus, improves policy design and mitigates risks and harm. However, involving all affected stakeholders in macroeconomic decision-making continues to be a significant challenge in many countries, due to governance, access, and capacity issues.

The Bank has encouraged its government partners to involve CSOs in the discussion, formulation, implementation, and monitoring of national Poverty Reduction Strategies (PRSs). The PRS approach, which was adopted by the Development Committee in 1999 to encourage governments to develop their own comprehensive plans to promote economic growth and reduce poverty, strongly emphasizes broad stakeholder participation and donor coordination. A 2005 global review of the PRS approach by the Bank and IMF -- which was written on the basis of consultation with CSOs, government officials and other stakeholders -- concluded that the scope and pace of civil society participation has varied among countries, moving more rapidly in some and more slowly in others. But in general, the PRS process has contributed to greater transparency and improved policy dialogue between governments and civil society on poverty reduction issues. To see a description of how CSOs have been consulted on the PRS over the past few years, see Annex 2 of the *World Bank–Civil Society Engagement: Review of Fiscal Years 2002 – 2004*. Please visit the website below to download a copy of the report:

[http://siteresources.worldbank.org/CSO/Resources/World Bank Civil Society Progress Report 2002-2004.pdf](http://siteresources.worldbank.org/CSO/Resources/World_Bank_Civil_Society_Progress_Report_2002-2004.pdf)

The Bank has welcomed and encouraged the extensive CSO participation in the PRS process over the past six years as well as the extensive analysis and feedback CSOs have provided on the design, implementation, and monitoring of the PRS process through sector research, country case studies, and issue-specific papers. While these studies recognize the advances made in involving civil society within the PRS process, they also point to the need for expanding the discussion of macro-economic policies and improving the scope of CSO involvement in these discussions in most countries. For more information on the PRS, please visit the website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:20470410~menuPK:384207~pagePK:148956~piPK:216618~theSitePK:384201,00.html>

It should be noted here that the PRGF is a joint program between a country and the IMF. The Bank encourages coherence between the PRS and poverty reduction support from all external partners.

The approval by the Bank's board in August 2004 of the Operational Policy 8.60 (OP/BP 8.60) on Development Lending Policy Lending also represents a step further in the recognition of the importance of stakeholder participation in policy reforms supported by the Bank. The policy advises its client countries to draw on participatory processes to determine "in the context of its constitutional and legislative framework, the form and extent of consultations and participation in preparing, implementing, and monitoring and evaluating" a development policy operation. The policy also requires Bank staff to describe in the accompanying program document "the country's arrangements for consultations and participation relevant to the operation, and the outcomes of the participatory process adopted in formulating the country's development strategy". The Bank is monitoring the implementation of the policy and is currently conducting

a review of all DPLs approved since the new policy, to assess to what extent its guidelines are being followed, including those relating to stakeholder participation.

The Bank also is trying to do its part by increasingly consulting a wide range of stakeholders, including CSOs, on the development and implementation of its Country Assistance Strategies (CASs), which are now routinely disclosed to the public. The CAS, which is the Bank's basic business plan for its work in a given country, lays out the macroeconomic and development framework and is based on a country's PRS where applicable. There are numerous approaches the Bank uses to consult civil society on the CAS in the countries where it works, ranging from village level meetings to national web-based consultations. To see a description of how CSOs have been consulted on the CAS in 67 countries in the past few years, please see Annex 1 of the *FY 2002-2004 Review mentioned above*, which can be viewed or downloaded on the following website:

[http://siteresources.worldbank.org/CSO/Resources/World Bank Civil Society Progress Report 2002-2004.pdf](http://siteresources.worldbank.org/CSO/Resources/World_Bank_Civil_Society_Progress_Report_2002-2004.pdf)

In addition to processes of civic engagement, people can demand accountability through formal structures of representation and delegation, such as parliaments. In recent years the Bank has actively engaged parliamentarians in the formulation and monitoring of national PRSs. In 2000 the Bank helped establish the Parliamentary Network on the World Bank (PNOWB), now an independent entity, to play a coordinating and facilitating role with parliamentarians in this regard. For more information on the PNOWB, please visit the website at: **www.pnowb.org**

COMMUNIQUE RECOMMENDATION 9 - *Resources for primary stakeholder participation should come from the Bank's core budget rather than donor trust funds.*

WORLD BANK RESPONSE – The Bank agrees that its engagement with civil society is a core part of its business model and thus should be funded as much as possible by its own resources. The important distinction to make is between where the Bank engages with CSOs *directly* (e.g., consulting on Bank policies, country and sector strategies) versus where the Bank facilitates better engagement between government and citizens in developing countries. The latter set of activities is often also funded by the respective governments themselves as well as by other donors.

While some of the funds used by the Bank to promote civic engagement have come from Trust Funds financed by bilateral agencies such as the Department for International Development (DFID) and the Japanese International Cooperation Agency (JICA), the Bank has increasingly invested its own budget to support civil society involvement in Bank projects. In terms of policy dialogue and consultation, the Bank is increasingly funding policy dialogue and consultations with CSOs in operational policy reviews, country and sector strategies, and major studies. In operations, it is estimated that each year there is some civil society participation in about three-quarters of new Bank loans, and much of this participation is financed by the Bank. These participation activities range from consultation meetings on proposed projects; undertaking stakeholder analysis or social/environmental impact studies (often carried out by CSO researchers); hiring CSOs to provide training of community leaders, health agents, and environmental monitors; and hiring CSOs to implement various aspects of the loan.

The Bank's budget has an array of funding mechanisms geared to provide resources to local CSOs and community-based organizations that work directly with poor people. These include social funds, community driven development programs, the Small Grants Program, Post-Conflict Fund, Multi-Country AIDS Program, Development Marketplace, and many others.

In addition, the Bank has hired approximately 120 staff worldwide who act as Civil Society Focal Points, with the responsibility to encourage and facilitate civil society participation in Bank-supported activities. These specialists are often senior social scientists or communications officers with long-standing experience in the civil society sector, many having worked in or led CSOs before they joined the Bank. They work in a variety of regional, network, and departmental units in the Bank's headquarters in Washington, D.C., as well as in most of the Bank's country offices. Their salaries and staffing costs are usually funded by the Bank's budget.

For more information on Bank sources of funding and staffing for civic engagement, please visit the Bank's website for civil society at: www.worldbank.org/civilsociety

COMMUNIQUE RECOMMENDATION 10 - *Develop a mechanism to better address regional and transnational issues, such as environmental degradation, human trafficking and trade.*

WORLD BANK RESPONSE – The Bank agrees that in an increasingly interdependent world, national development goals often cannot be met by national policies or initiatives alone. International cooperation is required in order to produce locally desirable development outcomes. Since no single mechanism can suffice to address all regional and transnational issues, the Bank participates in and/or manages a large number of global and regional programs covering a wide range of issues and sectors, including health, agriculture, climate change, HIV/AIDS and trade. These multi-country programs usually involve a partnership with one or more other stakeholders, including multilateral agencies, CSOs, governments and businesses.

Some examples of global or regional initiatives the Bank is supporting include: The Multi-Country AIDS Program; the Critical Ecosystems Partnership Fund; the World Wildlife Fund-World Bank Forests Alliance; Roll Bank Malaria; the Global Alliance for Vaccines Initiative (GAVI); the Nile Basin Initiative; the Roma Education Fund; the Coral Reef Targeted Research and Capacity Building Program; and the Integrated Framework for Trade-Related Technical Assistance.

In January 2005, the Bank's Operations Evaluation Department (OED), its independent evaluation arm, issued the second phase of a review of the Bank's approach to global and regional programs. The report, entitled "Addressing the Challenges of Globalization," finds that although the Bank has been working well with external partners on a program-by-program basis, the Bank needs to improve the linkages between its multi-country program priorities and local needs, to ensure accountability for results. To download the report and learn more about other transnational initiatives in which the Bank is involved, please visit the website at:

www.worldbank.org/oed/gppp

COMMUNIQUE RECOMMENDATION 11 - Emphasize job creation as an indicator of quality economic growth and promote equity

WORLD BANK RESPONSE – The issue of job creation and broader aspects of equity have grown in importance in the Bank’s strategy and actions over the last few years. This is best illustrated by two major studies undertaken recently by the Bank:

- The first was the *World Development Report 2006* entitled “Equity and Development,” which was published in September 2005. The study emphasizes the centrality of employment and opportunity as part of both quality economic growth and equity. Chapter 9 provides in-depth analysis of the importance of job creation policies, as well as the identification of areas that are essential for achieving equity. The chapter also notes the importance of core labor standards in the development of labor markets. For more information please visit the website at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2006/0,,menuPK:477658~pagePK:64167702~piPK:64167676~theSitePK:477642,00.html>

- The second study was titled “Pro-Poor Growth in the 1990s: Lessons and Insights from 14 Countries”. This report argues that countries that seek to reduce poverty should implement policies that enable their countries to achieve a higher rate of growth, but that growth is more effective in reducing poverty in some countries than in others, depending on the capacity of poor people to participate in and benefit from growth. The study highlights several broad policy options to help poor households take advantage of non-agricultural and urban employment opportunities. They include: improving the investment climate; enhancing access of girls to all levels of education; designing labor market regulations to create more formal employment for poor workers; and improving access to infrastructure, particularly roads and electricity. The report also stresses the need to create an incentive framework that benefits all farmers and takes into account the differential impact of price and trade policy reforms on poor households. For more information on the Bank’s Pro-Poor Growth program and a copy of the report, please visit the website:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPGI/0,,contentMDK:20264272~menuPK:566333~pagePK:148956~piPK:216618~theSitePK:342771,00.html>

The Bank has an active program to help strengthen labor markets that will benefit the poor in developing countries. The Bank’s Social Protection Unit works closely with the International Labor Organization (ILO), trade unions, employer organizations and other partners to promote job creation and maintenance schemes; improve the effectiveness of vocational education and training systems; develop sound social protection policies for the vulnerable workers of the informal market; and provide technical assistance to countries in labor market regulation, include setting labor codes and standards.

The Bank engages with trade unions in numerous ways, including: consultations with union members who are stakeholders in Bank projects; national consultation with unions as members

of civil society; international policy dialogue on economic and social issues; research on the economic effects of collective bargaining; and training programs for both Bank staff and trade unions. Since 2000, there have been regular, high-level dialogues between the global union movement and the Bank's senior management. For more information on the Bank's work on labor markets and its engagement with the global trade union movement, please visit the website at: www.worldbank.org/labormarkets.

COMMUNIQUE RECOMMENDATION 12 - *Incorporate the eight core conventions of the ILO into Bank work*

WORLD BANK RESPONSE – The Bank supports, but has no formal policy on, Core Labor Standards (CLS) and does not use conditionality in loans and grants to governments to promote the CLS. However, it supports good practices related to CLS in its work, approaching them from the perspective of how their application can have economic and social impacts. This approach is motivated by research and experience, which indicate that respect for core labor standards helps produce positive development outcomes. The Bank supports good practice related to CLS through various activities such as:

- Inclusion of CLS in the curriculum of staff and client training on labor markets;
- Supporting a joint program with the ILO, *Understanding Children's Work*, and direct child labor interventions in Bank-financed projects;
- Research and analytical work on freedom of association and collective bargaining and other labor standards;
- Analysis and lending to support non-discrimination and improved opportunities for women and other vulnerable groups;
- Incorporation of bans on forced and child labor into World Bank procurement rules as well as IFC and MIGA investment policies;
- Research, financial support, and programs on corporate social responsibility;
- Analysis of respect for core labor standards in Country Assistance Strategies (CAS) of low-income countries; and
- Ongoing dialogue on CLS with the international trade union movement.

A Toolkit on CLS has been developed to assist staff in preparing CAS analysis. For more information please visit the following websites:

www.worldbank.org/cls and www.worldbank.org/labormarkets

COMMUNIQUE RECOMMENDATION 13 - *Address the democratic deficit in Bank governance, to ensure a fair representation of debtor and developing countries*

WORLD BANK RESPONSE – This issue falls outside the purview of Bank management, but since the Monterrey Conference of 2002, the Bank's Board of Directors has been explicitly addressing the issue of Bank governance. A background paper on Bank governance entitled "Voice and Participation of Developing and Transition Countries" was prepared for the April 2005 Spring Meetings of the Development Committee of the Bank's Board of Governors. The paper outlined 13 options for consideration, including: strengthening the capacity of Executive Directors who represent many country constituencies; higher representation of developing and

transition country nationals in senior Bank and IMF management positions; allocation of 50% of the total authorized shareholding of the Bank to developing and transition countries; and changing the process for selecting the head of the Bank.

Following the consideration of these issues at its meeting on April 17, 2005, the Development Committee acknowledged in its communiqué that faster progress on the voice issue “can only be made through broad consensus at the political level.” In its subsequent meeting on September 25, 2005, the Development Committee communiqué stated that discussions on the issue will “continue with a view to building the necessary political consensus on the matter, taking into account progress in the context of the IMF quota review.” While these discussions are ongoing, the Bank has been implementing some administrative and other measures which are already agreed and are aimed improving communications with government officials and others in developing countries. For more information and to download this paper, please visit the websites at:

www.worldbank.org/devcomm

[http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20442793/DC2005-0003\(E\)-Voice.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20442793/DC2005-0003(E)-Voice.pdf)

COMMUNIQUE RECOMMENDATION 14 - *Establish a policy for civil society participation in all Bank policy and project work which provides a legal framework for partnership (not just a strategy or a set of guidelines.)*

WORLD BANK RESPONSE –The Bank has a number of policies, documents, instruments and tools that promote civil society participation in the formulation of Bank policies and in Bank operations. This participatory approach to development has been reflected in Bank operational policies and staff guidelines, recent IDA Replenishment reports, the 2000 and 2004 World Development Reports, and it underpins the Comprehensive Development Framework (CDF) and Poverty Reduction Strategy (PRS) approaches. Further, the Bank’s Empowerment Framework together with many sectoral and thematic strategies identify four key elements -- public access to information, inclusion and participation, accountability, and local organizational capacity -- for an effective poverty reduction strategy.

Regarding sector investment loans, each Bank-financed loan has a requirement in the initial project submittal form that inquires whether there are stakeholder participation issues to be addressed. This is a requirement that each Task Manager must address as they design and appraise new Bank loans. The Bank’s 10 safeguard policies require that projects deemed to have significant environmental or social impacts are subject, among other things, to mandatory public consultation in the project preparation phase.

As stated in the response to **Communiqué Recommendation 8**, the Bank is also addressing participation in the context of policy-based lending, which is quick-disbursing assistance to countries with external financing needs and to support structural reforms in a sector or the economy as a whole. The Bank’s new policy on Development Policy Lending (OP/BP 8.60) highlights the need for borrowing countries to consult with and engage key stakeholders in the process of formulating the country's development strategy. This was one of the lessons learned

from reviews of previous experiences in policy-based lending and also was one of the issues highlighted by CSOs during the consultations on the policy update. The Bank has issued a Good Practice Note #5 entitled “Supporting Participation in Development Policy Operations,” which provides guidance to staff in assessing participatory processes and advising borrowers on the type, breadth, and scope of participation in future development policy operations.

The new development lending policy also explicitly recognizes a role for analysis of social, poverty and environmental aspects of policy-based lending. Some of these aspects were included after specific suggestions made by CSOs during the public consultation on the policy update. The new policy has now been under implementation for a year and the Bank welcomes CSO feedback on the results to date. To view the good practice note and for more background on development policy lending, please visit the website at:

<http://siteresources.worldbank.org/INTCOUNTECONOMICS/Resources/GPNChapter5Participation.pdf>

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20036115~menuPK:34480~pagePK:34370~theSitePK:4607,00.html>

Because stakeholder participation is determined by local circumstances and social factors unique to each situation, the Bank thinks that it is neither practical nor feasible to have a single policy that covers the wide-variety of civic engagement activities, which the Bank supports in different countries and sectors. Rather, the Bank has been working to tailor its approach to civic engagement according to the type of intervention being considered. However, as discussed in the Bank’s 2005 *Issues and Options* paper, the Bank also recognizes the need to improve the overall quality of its engagement with civil society and to ensure that best practices are being followed by staff across the institution. Action items 8, 9 and 10 in that paper commit the Bank to developing and issuing new guidelines for staff on working with civil society, and developing other tools that can assist Bank staff in promoting meaningful participation. In 2006, the Bank will be consulting CSOs in the drafting of this note. To view and download this paper, please visit the website at:

www.worldbank.org/civilsociety/issuesandoptions2005

CONCLUSION

As stated throughout this response, the Bank not only agrees with many of the recommendations made by CSOs in the communiqué but, in many cases, has already taken steps to address them. However, the Bank also realizes that some of the recommendations made are complex, difficult to address, and will take time and the concerted efforts by the Bank and its various development partners to implement. The Bank looks forward to continued dialogue with interested CSOs on these recommendations and related issues, to help achieve our common goal of a world free of poverty.