

## Video Conference Between Mr. Wolfensohn and Civil Society Leaders

*September 21, 2004*

### **MEETING NOTES<sup>1</sup>**

This video conference is part of the World Bank Group's practice of holding discussions between the president of the Bank, James Wolfensohn, and civil society representatives from a variety of countries prior to the Annual and Spring Meetings. These global meetings offer the opportunity for an exchange of views that provides the Bank with a useful reality check and valuable feedback on issues of concern to Civil Society Organizations (CSOs). Nearly 100 CSO representatives from six countries – Brazil, Egypt, Georgia, Japan, the Netherlands, and Nigeria – participated in this video conference, alongside Mr. Wolfensohn and several senior Bank managers and staff. (see participants list attached)

Mr. Wolfensohn opened the dialogue with a brief welcome and asked that each site quickly introduce the types of CSOs (NGOs, trade unions, youth groups, faith-based organization) that were participating. He then went straight to the first of three rounds of questions, starting with Nigeria.

#### **NIGERIA:**

A participant asked several questions: 1) What is the World Bank's position on the issue of transparency in the oil industry in Nigeria and 2) What can the Bank do to increase African voice and participation in the World Bank and International Monetary Fund boards? He also remarked that civil society participation needs to be increased in Bank projects and that donors and creditors need to be made more accountable. Regarding this point, he mentioned specifically a Bank-funded project called the Local Empowerment and Environmental Management Project. This project, he said, is supposed to be empowering the community and giving voice to the community, but neither communities, CSOs, or parliament were consulted before it went to the Board for approval.

#### **BRAZIL**

The first question came from a representative working group of Non-Governmental Organizations (NGOs). The group asked that Mr. Wolfensohn and the Board of Directors of the International Finance Corporation (IFC) weigh in on the soybean expansion and logging in the Brazilian Amazon and that they postpone an upcoming decision on the appraisal and re-categorization of a pending IFC loan to a soybean company in Brazil. If not, the World Bank Group may be setting a precedent for inadequate screening of loans

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<sup>1</sup> These summary notes were taken and drafted by an independent consultant, Paula Duggan, and reviewed by Bank staff. Attribution is given only to WB staff since it was not feasible to allow civil society participants to review the draft text of their questions and comments before posting this note on the web. If any of the participants have comments or suggested edits to this text we ask that they send an email to Bank's Civil Society Team at: [civilsociety@worldbank.org](mailto:civilsociety@worldbank.org).

for large agribusiness development in the most vulnerable Amazon eco-regions and beyond.

#### EGYPT

A CSO representative had several questions: 1) What is the Bank's role in addressing the regional challenges of promoting economic growth, generating employment, and attracting foreign direct investment. 2) How can the Bank help build bridges or create linkages between CSOs and government, help bridge different stakeholders? 3) How can the Bank build capacities in the region to enhance such linkages, and disseminate best practices and help different stakeholders begin to speak the same language?

#### GEORGIA

A participant asked questions related to corruption: 1) How does the World Bank ensure that its objectives and guidelines are observed and met on the ground; and 2) What is the World Bank's reaction to the environmental and security non-compliance issues in Georgia that temporarily halted pipeline construction?

#### NETHERLANDS

A CSO representative stated that current debt policies are failing, the Millennium Development Goals (MDGs) can not be reached without increased debt cancellation and funds from additional resources, and that the MDGs should be at the heart of debt sustainability analysis. She asked Mr. Wolfensohn to give his position on this.

#### JAPAN

The first question from Japan was related to Laos and the Nam Theum 2 Hydro Project. The person prefaced the question by saying that NGOs have seen "commendable developments" in Bank policies regarding dams since Mr. Wolfensohn's tenure as president. In this light, the CSO representative asked what was the President's position on this project since there are many environmental and human rights concerns related to this project?

### **RESPONSES TO ROUND I QUESTIONS**

(Responses are from Mr. Wolfensohn unless otherwise noted)

#### NIGERIA

The Bank shares Nigerian CSOs' deep concerns about the development of oil in Nigeria. Support from Nigeria's president and economic team for transparency in relation to payment on an individual company basis is a positive sign. The Bank is giving 100 percent support to the government in terms of individual disclosure and the Bank is continuing to press oil companies to address issues of social improvement and participation particularly in the Delta Region.

Regarding voice and representation in the Bank and Fund Boards, this is not an issue that management can take a lead in since these are policies which the governments, themselves, have to determine.

#### BRAZIL:

The president said he had received letters written to him regarding soybean expansion and logging in the Amazon only the day before and that he was in the middle of trying to assess with IFC colleagues and colleagues in the Bank the classification of the project. He said that he was moved by what the group had to say about timber concessions. He also said that he has been deeply involved in the Amazon issue and would get back to the group directly.

#### EGYPT

On the issue of CSO linkages with government and governance, this is an important cultural and historic issue for the Middle East. The president and his wife have been personally involved in this issue, as both make a point of visiting with women's groups when they visit the region. The Bank has been increasingly stressing the importance of governance as a key factor in development, and the Bank not only produced an important report on governance in 2003, but has been working closely with governments in the region to improve governance.

Shaha Riza (Senior Gender Specialist – MENA Region): The Bank has civil society specialists based at the country level who are responsible for interacting on a continuous basis with CSOs. This is important in terms of promoting policy dialogue and promoting civil society involvement in Bank operations.

#### GEORGIA

The Bank shares the concerns about corruption and the possible lack of adherence to the agreements in terms of undertakings regarding the pipeline and the Bank is in the midst now of working with the sponsors and with the government and with independent monitors to evaluate the situation. If there are particular observations that the CSOs can provide, they would be welcome. The Bank is ready to work with the CSOs on this.

#### NETHERLANDS

As an institution the Bank is prepared, if the shareholders wish it, to forgive the debt of Heavily Indebted Poor Countries (HIPC), but the shareholders must understand that the 30 to 40 billion dollars of debt they would forgive is funding that has been counted on for re-lending in the coming 20 years, so there is an obligation of the part of donors to recognize that in the future they will need to ante up more money if there is to be future lending. In addition, all parties should realize that in addition to the HIPC countries, there are 15 - 20 additional countries with outstanding debt of \$200 billion who would step up to request debt relief as well.

It is also important to while debt reduction is an important part of achieving the MDGs, there are key issues which must be taken into consideration as well such as improving government capacity, promoting judicial reform, and especially reducing corruption.

#### JAPAN:

On the Nam Theum 2 Hydro Project: The Bank has taken years reviewing this project and no decision has been made yet. The question for the Bank is this: Is it possible to have a project that is socially and environmentally impeccable and that will also add 5 to 10 percent to the Gross Domestic Product (GDP) of that country? There have been multiple consultations on this with CSOs. The Bank's decision will be announced within a few months and there will probably be more consultations on the subject. The Bank shares the concerns about logging and community-based participation.

## **ROUND II QUESTIONS**

### **NIGERIA**

A youth leader asked what are the funding opportunities available to youth initiatives in Nigeria?

### **BRAZIL**

A CSO representative thanked the president for his response on soybean expansion, and made two points: 1) He expressed the view that Bank officials in country offices should be accountable to society and to parliament and should have the legal duty to testify in public hearings of national parliaments or other public bodies. 2) He noted his organization's opposition to the reform of safeguard policies of the IFC currently under discussion. He said the reforms, if adopted, would open the door to abuses.

### **GEORGIA**

A participant also expressed concern about what she said was the weakening of World Bank/IFC safeguard standards and criticized the process of the IFC update as less than participatory and transparent. She said that the concerns of national and international NGOs had not been adequately taken into account and that the proposed changes would have potentially huge implications because others would follow the Bank's lead.

### **EGYPT**

The second round speaker from Egypt asked: Would the Bank consider providing endowments or other means of direct support to NGOs to help ensure their sustainability?

### **NETHERLANDS**

The participant endorsed the points already raised by Brazil and Georgia regarding the proposed revision of IFC safeguard policies and spoke to the issue of the energy policy of the World Bank Group. The speaker voiced concern that the Bank would take a "business as usual" approach to energy even after the Extractive Industries Review (EIR). The questions were: 1) Will the Bank do anything additional in the energy sector to meet the MDGs and 2) Will the Bank do anything additional to increase lending for renewable energy and energy efficiency improvement?

### **JAPAN**

A CSO leader said that they regarded it as good news that the World Bank is actually in favor of further debt relief if the donors are willing to pay. But she asked, how likely is

that to happen and how does the international community ensure that the money that becomes available as a result of debt relief will actually be used for financing the efforts to achieve the MDGs?

## **RESPONSES TO ROUND II QUESTIONS**

Mr. Wolfensohn spoke first to the concerns over the IFC safeguard policies and commented on the “excellent and very thoughtful” letter of September 16<sup>th</sup> sent to him and to Peter Woike of the IFC. The president said he and Mr. Woike were taking the letter very seriously and that the Bank would respond on a point by point basis. He also reported on several actions already planned: 1) There will be additional consultations, in London, Berlin, Moscow, Bangkok, Tokyo, Hong Kong, San Paolo, and Delhi and other briefings as well 2) There will be specific briefings for NGO press in London and DC. 3) There will be public hearings in Rio, Manila, Nairobi and Istanbul 4) Records of the regional meetings will be made public 5) Other thematic and bilateral meetings will be recorded and also made public. 6) Documents from the consultation have been and will be translated into French, Spanish, and Portuguese and other languages.

### **NIGERIA**

Regarding the question from Nigeria on youth initiatives: There are 2.8 billion people--almost half the world--under the age of 24; there are 1.4 billion under the age of 14. Youth, broadly speaking, has not had adequate representation, the president said, and the Bank is trying to address this problem. In Nigeria, for example, in addition to the many education and health programs, there is a specific Nigerian Urban Youth Employment loan, valued at \$100 million dollars, which is currently under preparation by the Bank. This program addresses unemployment and the associated social unrest which comes from it. It also supports the 3-dimensional Psychological Intervention Strategy (TDIS). The way to reach out in any country to youth is through youth organizations and civil society, the president said, and the Bank is eager to work with CSOs on this issue.

### **BRAZIL**

On Brazil’s question regarding making the Bank’s representatives more accountable to society and parliaments. The Bank tries to be transparent and has set up a network to deal more directly with parliaments. Additional action such as Brazil proposes is not something the Bank has considered. The president said he believes it would be difficult and chaotic but he would be willing to consider a specific proposal on how it should be done if such a proposal were presented to Brazil’s country director, Vinod Thomas.

### **EGYPT**

The president returned to the first round question from Egypt on linkages between CSOs and government: Getting governments to work with civil society has been a priority of the president, but it is not something the Bank can insist on or ordain. The whole basis of Poverty Reduction Strategies (PRSs) and Comprehensive Development Frameworks (CDFs) is to try and bring about consultation. In some countries it works, in some countries it works less well. The Bank will continue in the Middle East and everywhere

to advocate for civil society participation and to engage civil society in the Bank's projects. About 40 percent of the Bank's projects currently involve CSOs as implementers and hopefully that will continue to grow.

On the issue of direct funding for CSOs: Currently the Bank funds capacity-building programs, CSOs participate in projects, and there are some grant programs which total about \$20 million. But the Board of the Bank considers governments to be the Bank's main clients and representatives of the people so unless governments are funding CSOs locally the Bank is unlikely to get involved in direct funding on any large-scale basis.

Carolyn Reynolds (Senior Civil Society Specialist, Civil Society Team) added that the Bank is increasingly trying, through its community-driven development projects, to get funds directly to communities so they can be implementers. Involvement of CSOs at this level is something the Bank is trying to increase.

#### NETHERLANDS

The Bank is not doing "business as usual" regarding energy policy. The Bank intends to be a major factor in the field of responsible use of energy. It is really looking at three things 1) better use of coal and gas, to clean it up. 2) the reduction of energy usage in major industrial countries and 3) renewables and what the Bank can do to support them.

The Bank wants a more socially responsible and more transparent energy policy and recognizes the environmental constraints such as global warming, but it also recognizes that today renewable energy accounts for 2 to 3 percent of total usage and if there is fantastic progress, that might double of the next few years. The Bank will put as much money and effort as it can into renewable energy but the real initiative in renewables is going to come from an approach between governments and the private sector and international institutions.

#### JAPAN

Debt relief and alternative sources of financing must be part of a larger global campaign to achieve the MDGs. In addition to everything else, reaching the MDGs will require a reorientation of thinking globally. What is needed now is the will on the part of political leaders in both rich and poor countries to give the whole issue of poverty alleviation and development the priority it deserves. There is a deficit of leadership. International financial institutions are lightning rods for criticism but governments must also play their role.

### **ROUND III QUESTIONS**

#### NIGERIA

A CSO leader raised the issue of HIV/AIDS and had two questions: 1) What is the Bank doing to complement the efforts of the Nigerian government in the production and supply of anti-retroviral drugs (ARVs)? 2) What is the Bank's position on the issue of Nigeria's and other African countries' production or purchase of generic types of ARVs?

## BRAZIL

From Brazil, the third question dealt with NGO's relationship with the Bank: The Bank treats NGO's mainly as implementers; how can NGOs and CSOs have a larger role in helping the Bank introduce poverty alleviation strategies?

## EGYPT

The third round speaker from Cairo said that representatives of CSOs are concerned that a lot of documents by the Bank are not translated into Arabic. She also asked a couple of questions relating to gender and youth: In addition to gender mainstreaming, specific projects for women are extremely important in the Middle East and North Africa (MENA) region; what are the Bank's plans for specific projects for women and what are the plans also for specific projects for youth? It is extremely important, the speaker said, to have projects similar to the project in Nigeria in the Middle East.

GEORGIA: Passes

NETHERLANDS: Will submit questions after the VC

## JAPAN

The third speaker from Tokyo asked what plans the Bank has to monitor progress on the EIR recommendations.

## **RESPONSES TO ROUND III QUESTIONS**

### NIGERIA

Mr. Wolfensohn stated that the Bank is increasingly active on fighting the AIDS pandemic and, particularly in bringing down the costs of ARVs. Three years ago the cost for ARV treatment was \$10,000 per person and now it is somewhere between \$100 and \$200 per patient. On the issue of ARV delivery in Nigeria. The current Multi-Country Program (MAP) in Nigeria does not include the procurement of ARVs. However, the Bank will undertake a mission before the end of 2004 to restructure the Nigeria MAP and the possibility of funding ARVs will certainly be considered. It is an area that the Bank is working on closely with CSOs on the ground.

### BRAZIL

On Brazil's question about how can CSOs and the Bank can work more together more broadly. Two things are necessary: 1) The Bank must continue to be open to critical comment and 2) the Bank and CSOs have to develop ways the two can work constructively together with some sense of mutual confidence. There is a need for confidence building and the Bank would welcome specific ideas at the country level and in Washington on this issue. The president said that people in the Bank are the same as people in CSOs in that they want to make the world a better place and that, in his ten years at the Bank, the thing that he regretted was that he had not been more effective in bringing about the sort of mutuality that he would like to see.

## EGYPT

On Arabic translations, the MENA website is now in Arabic and the objective is to significantly increase Arabic translations in all aspects of the Bank's efforts.

Shaha Riza stated that the Bank tries to mainstream gender in all projects that the Bank supports. The Bank would also be responsive to a request from the government for a women specific project but the Bank has to respond to requests from the government.

## JAPAN

Rashad Kaldany (Director of the Oil, Gas, Mining, and Chemical Department) responded that the Bank is in the process of putting together an advisory group and has an implementation plan that will be published shortly. All of the activities will be completely monitorable and the Bank will report on them on an annual basis.

Mr. Wolfensohn concluded the dialogue by saying that this was a very stimulating group of questions and that he always leaves these meetings energized to meet and with the government Ministers during Annual Meetings, and feeling that there is much to gain from each other.