

World Bank – Civil Society Video Conference Discussion

Wednesday September 3, 2003

MEETING NOTES

The purpose of this video conference was to offer an opportunity for Civil Society Organizations (CSO) to engage in a dialogue with the World Bank's President, **Mr. James Wolfensohn** and with other senior Bank management prior to the World Bank's annual meetings in Dubai at the end of September. Taking part in the video-conference were CSO representatives from Cameroon, Colombia, Finland, the Kyrgyz Republic, Malawi and Sri Lanka. (See participants list attached)

In his welcome to the participants, **Mr. Wolfensohn** remarked on how much he and his colleagues were looking forward to this exchange of views, and he invited both questions *and* observations from participants.

Discussing the upcoming annual meetings, **Mr. Wolfensohn** reflected on the fact that they are being held in the shadow of the events in Baghdad and elsewhere in the Middle East and the issue of stability in the Middle East region will be very much on the minds of the delegates. Therefore, he said, the biggest task will be to address the pressing "front page" issues, while also making sure that the fundamental questions of development are advanced.

At the annual meetings, **Mr. Wolfensohn** went on to say, the Bank will be trying to push forward the international agreements that were made in Johannesburg and in Monterrey and trying to ensure that governments do what they have now promised.

The governments of developed countries have committed to providing the continuity of resources that are needed for development, specifically they have promised access to trade, finance, and support in capacity building. They have a responsibility to perform; the governments of developing countries have an equal responsibility to perform; and development agencies and civil society have important roles to play in getting that performance from both sides. In this endeavor, **Mr. Wolfensohn** said, the Bank welcomes "the partnership that we have together."

FIRST ROUND OF QUESTIONS

Mr. Wolfensohn opened the discussion by inviting questions beginning with Cameroon.

Cameroon

The first participant in this round asked "What can the World Bank do to ensure that good governance becomes an effective reality in Cameroon?" Despite efforts to promote reform, the speaker said, governance remains a major obstacle to development in the country: public expenditures lack transparency, corruption is promoted, and procurement violations go unpunished. To address this problem, the speaker proposed that the Bank support a civil society-led effort in Cameroon to create an independent body to keep watch on governance.

Colombia

The first question from Colombia also pertained to good governance and corruption. The participant noted that the Bank has been stressing the fight against corruption and is introducing

new norms for contracting to promote transparency. However, at present, according to the participant, there are 13 Bank loans in Colombia with \$526 millions ready to be disbursed that will not be covered by the new rules. The proposal offered by the speaker was that the Bank work with the Colombian government to amend agreements so that the new norms apply in the execution of these loans. The topic has been discussed at the Finance Ministry, the speaker said, and was accepted with interest.

Kyrgyz Republic

Presenting the first question from the Kyrgyz Republic, the participant noted that countries like the Kyrgyz Republic are receiving crucial support from the World Bank and other international organizations but that this support is primarily in the form of loans. An indebted country such as Kyrgistan can not afford to carry more loans, the speaker said, therefore: Would the World Bank consider providing grants instead of loans---not only for technical assistance but for human development goals like education and other social sectors?

Lebanon

The Bank is seen as promoting globalization, privatization, trade liberalization and market economies as vehicles for economic growth and poverty alleviation, the first speaker from Lebanon said. Yet, the Bank has indicated on many occasions that the gap between the rich and poor is ever increasing, so, the speaker asked, does the Bank have an alternative economic model to reverse this trend? Also, by promoting a lesser role for governments, especially in service delivery, is the Bank setting civil society up for failure? And would the Bank consider reviewing its policy regarding CSOs and consider working with them directly rather than through governments.

Malawi

The participant from Malawi in the first round opened by reminding the assembled group that the Bank often stresses the crucial role CSOs in development. But civil society in Malawi feels left out by the World Bank in its programs and missions, the speaker said, and at the same time it is experiencing capacity constraints and financial bottlenecks. Therefore the speaker asked: Would the Bank consider providing a financial window to assist CSOs and, would the Bank ensure that it would engage civil society in a dialogue with its missions and with the government.

Sri Lanka

The first question from Sri Lanka was this: Given the World Bank's growing engagement with post-conflict situations, is the Bank not getting more and more involved in a political role and what is the Bank's understanding of that role? The question was asked, as the speaker noted, particularly because of the situation in Sri Lanka and the establishment of a fund for reconstruction and rehabilitation to be vested with the Bank.

Finland

The first question of the Finnish CSO representatives pertained to the Poverty Reduction Strategy Papers (PRSP) and the World Bank's experience so far. Many CSOs point out, the speaker said, that macroeconomic policies and structural policies in the national PRSPs tend to be very similar to previous structural adjustment policies, and many CSOs also feel that they have been unable to influence the macro-economic policies, in part because they have been unable to engage government, the Bank or the IMF in a dialogue. So, the speaker asked: how has the PRSP experience so far influenced the Bank's policies and priorities; how is the Bank evaluating the engagement of civil society; and how can civil society organizations engage themselves in meaningful policy dialogue about economic policy and system alternatives in their countries given the PRSP process?

FIRST ROUND RESPONSES

Observing that this one round of questions would be adequate for a day's discussion, **Mr. Wolfensohn** began addressing the questions, asking his Bank colleagues present in the video conference to contribute where they had special knowledge.

The issue that **Cameroon** raised applies to most countries he said, and this is one of the reasons why the Bank has put tremendous weight on good governance and fighting corruption. But the problem for the Bank is the same as the problem for civil society: Governments have to be convinced that they should adopt policies and programs that, very often, differ from what they've done in the past.

Mr. Wolfensohn said he plans to address this question in the annual meeting and that what is needed is not the "roadmap of how to deal with these issues but the action on the part of governments." By signing the New Partnership for Africa's Development (NEPAD), Cameroon and other African nations are saying that they believe in good governance, they believe in fighting corruption, and they expect to be judged on this basis, **Mr. Wolfensohn** said. Regarding how to push governments to act, he said, he has reached two conclusions: First, change will only be brought about through a combination of external pressure and internal pressure. Second, the Bank needs to demonstrate that there is a clear benefit to governments, that if governments take these steps toward good governance, toward transparency and away from corruption, they will have resources made available to them that can be effective and long term.

Jeffrey Katz (External Affairs Department Sector Leader) from the Africa Region added that there are some mechanisms in place that might be built on to provide the kind of independent pressure or independent review of public expenditures programs through the PRSP process; there are PRSP committees and there is involvement from civil society on these committees.

Mr. Wolfensohn expanded upon the PRSP and participation. The PRSP process, he said, has been broadly successful but it has varied by country. He pointed out that getting more than 60 countries to agree to a consultative process was an achievement in itself. But the extent of participation varies by country and clearly can also be diminished by a lack of capacity within civil society. First, **Mr. Wolfensohn** said, "we have to convince the government that they need to consult, and then we need to make sure that civil society has the support it needs to be able to participate in the consultative process."

Mr. Katz and **Mr. Wolfensohn** agreed that the Bank is engaging on a very broad scale in building the capacity of civil society through the World Bank Institute and Bank operations, but if the PRSP process is slower in Malawi or any particularly country, it is important to bring that to the attention of the local Bank representative, so they can take a specific look at what is being done and what can be done.

On the question of **Colombia** and corruption in previous bidding, **Mr. Wolfensohn** said the Bank would move on it.

Jim Adams (Vice President for Operations Policy and Country Services Department) explained that the Bank's procurement guidelines are under review in order to strengthen their transparency and anti-corruption measures. In addition to having posted the proposed new guidelines on the web in order to get input from governments and civil society, the Bank has been in contact with Transparency International to discuss the proposed changes. Board approval on

this revised policy is expected this Fall. Jim Adams also said with respect to past projects, that it is important to distinguish between existing contracts which are signed under the existing arrangements and availability of resources under projects. The Bank can not legally engage in “unwinding” existing contracts between governments and contractors, but with respect to existing loans, the Bank can make agreements with governments to apply the new procedures.

Mr. Wolfensohn, proposed that Bank staff in Colombia meet with the CSO representative who raised the issue to look at the specifics because if money is being wasted and if money is going to the wrong place, the Bank ought to know right now so it can follow up immediately to stop any misuse of funds.

On the **Kyrgyz Republic’s** question regarding grants and loans, **Mr. Wolfensohn** said, this is an issue where the Bank is making some progress, but more progress must be made given the needs. He asked Managing Director **Mamphela Ramphela**, to offer an example from the Education for All initiative she is leading.

In this initiative, **Ms. Ramphela** explained, the Bank has introduced a fast track approach open to countries that take steps toward an education strategy that will not just enroll children but will make sure that the quality of education is such that it will increase the completion rate of children in school. In this program, countries in the developed world give grants to governments within the framework of a long-term engagement--5-10 years--to allow countries to build up their own budget support from their own fiscal resources. The initial grant money tapers down over time as national resources are ramped up. The grant resources---a billion dollars--will also go to partnering with bi-laterals and other multi-lateral agencies to improve the education function generally. This program, **Ms. Ramphela** went on to explain, is not just for the 10 countries that have made it into the arena so far, the Bank is looking at all children and places where there are shortfalls in resources, because, **Ms. Ramphela** emphasized, “We agree that we can’t keep on loading on debt on countries that are already overburdened.”

Mr. Wolfensohn followed up on **Ms. Ramphela’s** last comment saying: “Part of the problem that we have in addressing education and grants in general, is that the world is not putting enough resources into the fight against poverty. At the moment it is somewhere around \$50 billion dollars that is available for development assistance, a little bit more this year, only about half of that goes in cash to countries, and that \$50 billion is compared with \$300 billion plus that goes to agricultural subsidies, and more than \$900 billion that goes to defense. These numbers are preposterous if you really are serious in terms of the funding assistance which is needed to reach the Millennium Goals. He said he would be speaking on the subject in Dubai, because the combination of inadequate funding and the lack of progress in the trade realm are really the two pivotal questions in terms of the overall structure that is needed to bring about real development. “There is another level of commitment which is required in terms of the balance in our planet between the rich and the developing countries,” he said, “and this is something where the words are right but the actions are not yet there.”

Turning to the **Sri Lanka** question about how much the Bank is getting into politics, **Mr. Wolfensohn** said that the Bank goes into a situation like Sri Lanka because it is asked in by the government and by members of the international community to provide a service, and in Sri Lanka as in other post-conflict situations, the philosophy of getting in is to be supportive not to be political. But, in the final analysis, politics is unavoidable for the kind of development work carried out by World Bank.

Mr. Wolfensohn asked **John Page** (PRSP Sector Director for Poverty Reduction Programs) to address the question of the economic model of the PRSPs, and John Page offered these main observations:

Regarding globalization, those countries that are more integrated into the world economy do indeed grow faster, and so in that sense, globalization can play a part in bringing the poor into mainstream economic life, and that is a very important element of economic policy and poverty reduction.

In terms of lessons learned through the PRSP process, the Bank has learned to be much more sensitive to the need to tailor-make policy solutions to country circumstances: The PRSP has given the Bank a better understanding of the importance of history, of social relations, of politics, even of the sequence of choices that countries make, and that has been a positive outcome of the PRSP.

A second outcome of the PRSP is that the Bank is much more conscious of the poverty and social impact of the public actions it recommends. The Bank is also much more conscious that the kinds of initiatives it undertakes will only work and be sustainable if they are eventually imbedded in the countries it serves. The people who work in the Bank, firmly believe in understanding the impact of public action, which requires an informed dialogue with civil society and with government, and they believe in capacity building.

John Page pointed out that there are trust funds, both bilateral and multilateral devoted to creating capacity in PRSP countries; these funds are accessible to CSOs, and he urged that representatives seek out those resources and use them effectively to build capacity in addition to what the Bank and the World Bank Institute can offer.

John Page concluded by saying that one of the things that had emerged, from a recent review of the PRSP process was the need to open up the macroeconomic dialogue and involve both civil society and governments, and that this finding had been discussed with the Board.

Mr. Wolfensohn added a point about privatization, saying that the Bank is examining the issue of privatization. The World Development Report 04, *Making Services Work for Poor People* which will be launched at the Annual Meetings in Dubai provides an extensive analysis of that question and concludes that privatization is not the cure for all problems or the answer to every question, that private public partnerships or even public ownership of services can be the desired resolution in providing services to the poor. He said that the Bank could and would be flexible in this regard, and that it is learning from its past experience.

SECOND ROUND QUESTIONS

Cameroon

The second question from Cameroon pertained to the difficulty of accessing funds faced by faith-based communities and civil society at large. Faith-based organizations, the participant said, promote development in the remotest of villages where the government doesn't even get, therefore: Could the World Bank deal directly with faith-based organizations and civil society in the realm of development in Cameroon, and specifically could the Bank help to create a fund from HIPC resources for use by faith-based communities and CSOs?

Colombia

The second speaker from Colombia asked if the World Bank--through consulting or specific credit lines--could introduce horizontal agreements between territorial levels based on co-financing between the national government, the World Bank and territorial entities to mitigate hunger and starvation and bring other kinds of help to populations that are not being reached during this time of economic crisis in Colombia, especially the populations in conflict zones?

Finland

In the second round, Finland asked first for a clarification of the World Bank's position on the issue of ethical social and labor standards for production in developing countries, it also wanted to know how much focus the World Bank is giving to these kinds of standards in its own development policy, and it asked what outcomes are needed, from the Bank's perspective, in terms of trade at World Trade Organization's meetings in Cancun to address the needs of developing countries.

Kyrgyz Republic

The Kyrgyz Republic wanted to know: Is there any strategy in the World Bank to provide a continuous exchange of best practices and lessons especially from the PRSP countries? Is there a place to find case studies; or is there a regular mechanism of feedback provided by the Bank which would help civil society in each country refer to and share this kind of experience?

Malawi

Malawi's question, in the second round, was, as the speaker said, more country specific than the preceding questions, it was about the privatization of ADMARC, an agency that, as the speaker described it, plays a social role in food distribution. Can the World Bank help to ensure that civil society is consulted regarding the partial commercialization of ADMARC and that the country benefits from examples of other countries involved in this practice, because at the moment there is a lack of consultation and access to experience?

Sri Lanka

The question from Sri Lanka concerned the status of women. Although women comprise more than half the population, women are not adequately considered in the Poverty Reduction Strategy, according to the speaker, and are not engaged in the nation's development process and since, the speaker went on to say, "donors are great at laying down conditions," why can't there be insistence on their part and especially on the part of the Bank that the gender inequality be addressed.

SECOND ROUND RESPONSES

Answering the first question in the second round about faith-based organizations, asked by Cameroon, **Mr. Wolfensohn** spoke about the World Faith and Development Dialogue which he started with the Archbishop of Canterbury six years ago and which is an independent entity separate from the Bank. The World Faith and Development Dialogue helps not only to promote a dialogue with development agencies but among faith-based organizations themselves as well. "This kind of dialogue," **Mr. Wolfensohn** said, is "absolutely essential particularly in Africa where more than half the services of education and health are provided by faith-based organizations." Work is progressing now on issues such as AIDS, through this dialogue, **Mr. Wolfensohn** said but "we are at the first 20-30 percent of what can be done."

To address the more general question of the use of HIPC resources, **Mr. Wolfensohn** called on **Vikram Nehru (HIPC Program Manager)** who pointed out that HIPC is a global initiative involving many agencies, and many countries. In the case of Cameroon for example, it involves not only the World Bank but also the IMF, the European Union, the Islamic Development Bank, the African Development Bank, many of the industrial countries plus China and Kuwait. **Vikram** said that the problem of access to HIPC resources has been solved in a number of countries through steering committees that include CSO representatives and CSOs are being invited to put forward funding proposals to these committees. His understanding, he said, is that Cameroon has such a mechanism and that the Bank and the UNDP officers are working with CSOs to help develop their capacity to put forward such proposals.

Mr. Wolfensohn both stated that if the system is not working or not working well in Cameroon, the CSOs should consult with the local World Bank representative.

In answering Colombia's second-round question, **Mr. Wolfensohn**, first made note of the fact that the participant raising the question represented a student organization and that he would be meeting with student organization representatives in Paris on his way to the Annual Meeting in Dubai later in September. In the past, **Mr. Wolfensohn** said, the Bank has not given adequate attention to youth, but a concerted effort is now being made to develop student teams to work with the Bank in the coming years. He mentioned the team of young people working in Peru's country office who are also helping to establish other student groups in Latin America, and he said that he would put the Peruvian group in touch with the Colombian representative.

On the question asked regarding horizontal agreements to deliver services to poor people in conflict areas in Columbia, **Mr. Wolfensohn** said, the answer to the question was "Yes," the Bank is ready and anxious to work on co-financing with national and local governments and would be happy to follow-up on this issue; the Bank has found that where there is a devolution of responsibilities to local regions very good things can emerge.

On the fair trade question posed by Finland, **Mr. Wolfensohn** said both he and the organization are extremely active in pushing fair trade in the WTO negotiations for the benefit of developing countries and poor people. In addition to speaking out and writing about these issues, Bank staff have been dialoguing and working with colleagues in Geneva at the WTO and with trade union organizations around the world much more actively than in past years and the Bank now has regular, half-yearly contacts with the trade union movement.

Jeffrey Lewis (Senior Trade Team Advisor) addressed specifically the priorities of the Bank in the area of labor practices. Fairness of in labor practices are important and worth pursuing, but the Bank is concerned that an increased focus on standards in some of the richer countries can be a back door way of increasing protectionism, and so the Bank strongly focuses on the need to expand market access opportunities for poor people in developing countries because it does not want to see a core set of standards imposed for any reason that might further diminish access.

Addressing the question asked by Finland about outcomes from the Cancun WTO meetings that might signal a step forward, **Jeffrey Lewis** said simply: progress on agricultural issues. In this area, Bank staff, led by **Mr. Wolfensohn** and other senior management have been vociferous and consistent in advocating for the idea. he said, and while all countries need to act and cooperate, the onus of action and responsibility lies with the rich countries that are the most egregious protectionists in the agricultural area, and that's where some concessions and some progress are needed.

And finally, regarding Cancun, **Mr. Wolfensohn** added the footnote that the Bank is providing funding for a civil society-sponsored fair trade symposium occurring in Cancun, so more debate on this issue will be able to take place there.

Addressing, what **Mr. Wolfensohn** called the **Kyrgyz Republic's** very good question, about feedback on the PRSPs, he reported that every six weeks, the Bank has a video-conference with staff in the field and in Washington to discuss PRSP experience--best practice, worst practice and lessons to be learned. The Bank has not held a similar meeting with civil society however, but it's an interesting idea that he would look into.

On the question of Lebanon, the political and social stability in the region, and how the Bank might assist civil society, **Mr. Wolfensohn** said that the Bank would make no admonitions or advise governments on what they should do but that the Bank is anxious to play as supportive a role as possible in opening a dialogue and would participate in any agreed upon moves forward toward empowering and engaging the population.

Regarding direct funding of CSOs, a question which arose several times in the discussion, **Mr. Wolfensohn** reminded the participants that, "We are owned by your governments," a fact that puts the Bank in a somewhat difficult position, and he said, although the Bank does push the envelope very hard with governments in terms of directly engaging civil society in Bank-funded projects, he doesn't foresee a permanent funding structure that would allow the Bank to go around governments to deal directly with civil society.

Moving on to the last two questions of the second round, **Mr. Wolfensohn** turned to **Jeff Thwinda (Senior Social Development Specialist)** to address the commercialization of ADMARC, and the participation of civil society in that process. **Jeff Thwinda** said he understood that there is a report nearing completion on the ADMARC question, and over the coming weeks and months a process of discussion is expected to take place with parliament, with government agencies, other external partners and civil society on this report. This process should provide the basis for meaningful input, but if that opportunity does not materialize, the CSOs organizations should contact a Bank representative.

Mr. Wolfensohn underscored the latter point of **Jeff Thwinda's**, saying that the need for consultation in something as significant as the commercialization of ADMARC is very real.

Regarding the question about women's representation in Sri Lanka, **Mr. Wolfensohn** said it shows how perceptions in Washington can differ from perceptions in countries. He said he couldn't agree more about the importance and significance of programs for women or the centrality of women in development, but he thought that in South Asia the Bank was doing a good job in terms of outreach to women's groups, and he asked **Mamphela Ramphela** to speak to the question.

Ms. Ramphela emphasized the fact that the Bank regards the issue of gender equality as central to the fight against poverty. The board endorsed a gender strategy in 2001 and the Bank is now in the process of imbedding it in everything that it does. **Ms. Ramphela** posited that perhaps because Sri Lanka is just emerging from conflict, the country's gender strategy might still be in the planning stages. **Ms. Ramphela** said that she would go back to Bank colleagues in South Asia and make sure that in the specific case of Sri Lanka, she had an understanding of what programs are in place, where the gaps are and how the Bank might address those gaps and Bank staff would follow-up with the participant.

THIRD ROUND OF QUESTIONS

Cameroon

The third question from Cameroon dealt with the environment. The speaker first noted that environmental safeguards are a condition for any World Bank funding, but, the speaker said, for many projects in Cameroon, this condition either seems to pose a great constraint, or to be of little importance. In reference to several projects—the Djoum-mintom Road, Yokadouma, Central African border and the Lom Pangar hydroelectric dam projects--two questions were asked: What could the World Bank do to balance environmental issues with development requirements in Cameroon? And, would the Bank support, for each of the projects in Cameroon, an alternative environmental impact study carried out by Cameroonian civil society actors?

Colombia

Colombia has 40 million inhabitants of which 13 million are Afro-Colombians. The situation of the Afro-Colombians is quite precarious in his country as they experience problems of structural poverty, displacement caused by armed conflict, indifferent governance, basic indicators which show little improvement in human development indicators. Will the Bank reaffirm policies regarding African Descendent Populations in the Americas in the next meeting of the Bank with concrete measures that can be applied in each country? And will the Bank speak to the Government of Colombia about this situation?

Finland

In the third round, Finland asked why the Bank continues to support the Value Added Tax (VAT)? In countries like Ghana, the speaker said, the VAT taxes both the rich and the very poor equally, and it doesn't create a very wide base for revenue because the informal sector is much bigger than the formal sector and the VAT inhibits growth in the formal sector because taxed products can not compete with grey market products

Kyrgyz Republic

The Kyrgyz Republic was one of 11 Comprehensive Development Framework (CDF) pilot countries. And while NGOs had many concerns at the outset of the process, three years later they are celebrating success because the process provided an opportunity to engage with government and establish a high-profile dialogue, and as a result, civil society is recognized as a stakeholder by the government and a partner in development. The speaker expressed deep appreciation to the Bank and to **Mr. Wolfensohn**, but added that CSOs do not have the capacity or resources to meet the new expectations and they are concerned that failure to meet them could lead to a backlash. “Can the World Bank help to build the capacity to meet the demand?” the speaker asked.

Lebanon

The third-round speaker brought laughter from the participants by thanking **Mr. Wolfensohn** for reminding them that their governments own the Bank. “Believe me,” the speaker said, “we are now much more worried than before.” The speaker then asked why the Bank can manage to put efficient pressure on national governments to adopt economic reform and not succeed in the same way when it comes to development issues such as governance, human rights, and social issues?

Malawi

Malawi's third question was about the Bank-supported Malawi Social Action Fund (MASAF), which in the speaker's opinion, is being captured by the ruling elite. The question was: What prevents the World Bank from including civil society in the design of such programs? At present, civil society organizations see social safety net programs that are being designed elsewhere and implemented in the country, and that are not benefiting the people who are listed as beneficiaries.

Sri Lanka

The third question from Sri Lanka was preceded by the observation that the government appears to be delivering on promises of peace, the development of the economy and improving governance, but the sustainability of these initiatives will not be possible unless the people receive the benefits quickly. The question posed was: Can the World Bank do something both in regard to the programs and in regard to the timing of delivery in those programs?

THIRD ROUND RESPONSES

The environmental question in **Cameroon** could extend to nearly all developing countries, **Mr. Wolfensohn** said. In the Bank, this is an extremely live issue. With every project, the Bank receives a barrage of communications, some from groups saying 'you must proceed,' some saying 'you must stop.' Bank board meetings become an attempt to balance all of the political pressures that are raised by various sectors of civil society. **Mr. Wolfensohn** said that the bank will continue to try and develop an answer within each country context. We will try, he said "to listen to the voices, to try and keep development going, and to try to protect the environment and indigenous peoples as much as we can; that's what we are trying to do, but it is not an easy science....On every project we try to do the best we can. The one thing I am sure of is that if we are not there, it's a lot worse. It's a lot worse for the environment, and it's a lot worse for the balance; very often my colleagues think that we should pull out but we are going to continue to try to play a balancing role."

On the issue of the Afro-Colombians, **Mr. Wolfensohn** said, that his deep concern over the Afro communities is well known, and that he stands ready to enrich the programs that the Bank is doing with Afro-Colombians and he will ask the office in Bogota to follow-up in **Colombia** and see what initiatives can be taken because it is very much the policy of the Bank to be supportive of indigenous groups and in particular to be supportive of the Afro community which has been poorly treated in the hemisphere for a variety of reasons in countries.

The question from **Finland** about the Value Added Tax was fielded by **Lewis** ??? VAT, he said, is a very difficult issue. The VAT may not be ideal, but as a tax system it has some advantages. First, VATs are relatively broad based, they do tax consumption but they don't tax investment which is important for growth and investment and human capital accumulation. Second, some exemption of goods crucial to poorer populations is allowed, food products for example. Third, there are self-check mechanisms important in terms of transparency and anti-corruption; there is for example a system in most VATS of invoices and rebates against invoices that can, if designed and administered well, reduce some of the excesses that are some times associated with tax systems. VATs are not perfect and improvements can be made but they can be one leg of an important revenue diversification strategy in many developing countries and the Bank remains fairly strongly convinced that they can be an important tool.

Mr. Wolfensohn added to this response saying, that the Bank would take a look at the question raised regarding the gray market in Ghana, and get back to the speaker because, if the VAT is

being counter productive to local industry, and if it is inhibiting growth of local companies, that is not an effect the Bank wants to have.

On the Krygyz Republic's third question, **Mr. Wolfensohn** started by thanking the speaker for the recognition, saying that it is always a pleasure, albeit not heard often, to hear from civil society that something the Bank has done has been positive. In relation to the capacity building issue, he asked that his colleagues take a look specifically at what could be done, adding that if expectations now are greater than the capacity to deliver, the Bank "has an obligation to try to see if it can help you with your success." Finally he added, jokingly, that this would be done especially as a reward for the positive comment and that he offered the same thing to other civil society organizations, in terms of a conditioned response: "Give us a good word," he said, "and we'll see what we can do to help you."

Regarding MASAF, **Mr. Wolfensohn** said that he would make sure that civil society is included in the MASAF objectives, and he turned the rest of the question over to **Jeff Thindwa**. Jeffrey Thindwa said that positive meetings had taken place recently with MASAF management, and that MASAF will be engaging NGOs especially in the monitoring process of MASAF. MASAF is will be working with CARE to design and implement the process and methodology of community monitoring of these programs, he said. The program is just going into a pilot phase now, but it augers well for a MASAF/NGO partnership. In fact, in the rural areas where MASAF projects mainly are, communities are and will continue to be involved in the design and implementation of projects, and CSOs that are working in these areas will be involved in strengthening the monitoring aspects as part of the accountability component of MASAF III.

Finally regarding Sri Lanka's question about trying to get the benefits of peace through to the people, **Mr. Wolfensohn** said that the world is witnessing the need not just to gain the cessation of hostilities but to win the peace. "Without economic hope, he said, "and without benefits going to people, it is very hard to sustain peace." Therefore, he said, the Bank is working very hard to try to increase the speed and effectiveness of its programs.

Steen Jorgensen (Social Development Director) then followed up on the previous question from Malawi, and the question from Lebanon. Regarding Malawi, **Steen Jorgensen** said that the approach of making sure that beneficiary communities were also directly involved in the monitoring of results is an approach the Bank thinks holds promise both in getting quicker results and in making results more sustainable. Getting people involved as early as possible and in as sustained a manner as possible, he said, is certainly the most positive approach. Regarding creating an enabling environment for civil society in the Middle East, **Steen Jorgensen** said that each country has to be looked at separately but there is some work in Yemem which indicates there is some openness to move on these issues in some parts of the region. And he concluded by reiterating that everyone realizes there is no one answer to development, it's not the governments alone, it's not civil society along, and it's not the World Bank alone.

Following that comment **Mr. Wolfensohn** closed the meeting, thanking his colleagues, and observing that technology really does offer the chance for a very rich experience and exchange of views. He thanked the participants again and wished them well saying: "I think honestly that in terms of objectives there is very little that separates us, I'm learning after eight years in this business that ALL of US want to see a better world. We do our best here, as you can see from my colleagues, we have fantastic people. We are doing really our best to address the issues that are of concern to you and we appreciate the criticism, we appreciate the comments, but we all know ultimately that working together is going to be the way that we can bring about the objectives that

we are seeking so lets keep the criticisms going but lets keep the mutual respect and the sense that we are all going in the right direction, that is the support that we all need.”