

Development and Human Rights

THE ROLE OF THE WORLD BANK

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THE WORLD BANK

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Preamble to the Universal Declaration of Human Rights

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind, and the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want has been proclaimed as the highest aspiration of the common people,

Whereas it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law,

Whereas it is essential to promote the development of friendly relations between nations,

Whereas the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom,

Whereas Member States have pledged themselves to achieve, in co-operation with the United Nations, the promotion of universal respect for and observance of human rights and fundamental freedoms,

Whereas a common understanding of these rights and freedoms is of the greatest importance for the full realization of this pledge,

Now, Therefore THE GENERAL ASSEMBLY proclaims THIS UNIVERSAL DECLARATION OF HUMAN RIGHTS as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of Member States themselves and among the peoples of territories under their jurisdiction.

**Development and
Human Rights:
The Role of the World Bank**

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The message for countries is clear: educate your people; ensure their health; give them voice and justice, financial systems that work, and sound economic policies, and they will respond...

—World Bank Group President James D. Wolfensohn
(Address to the Board of Governors of the World Bank,
Hong Kong, China, September 1997)

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Foreword

It is important to recognize when there has been a defining moment for the international promotion and protection of human rights. One such moment, I believe, was when the World Bank Group recognized that it had an express role to play in the promotion and protection of human rights. This publication is a further step in that process, and one that I warmly welcome. *Development and Human Rights: The Role of the World Bank* is a significant contribution to the commemoration of the 50th Anniversary of the Universal Declaration of Human Rights.

The challenges ahead are daunting and require a broad and firm alliance at the international level in order to address them. In the past 50 years, numerous binding human rights instruments have been adopted, and an array of mechanisms to monitor the observance of human rights standards at the national level has been established. It is now time to make these rights a reality. This anniversary should serve as the occasion for the international community to commit itself with renewed vigor to accomplishing everything that still must be done to ensure the realization and universality of human rights.

One of the priorities of the United Nations High Commission for Human Rights is to strengthen its field work and its technical cooperation programs, which aim to see international norms and standards reflected in national legislation and practice. The World Bank, through its activities and its renewed commitment to human rights, will play a key role in the promotion of human rights and in the building and strengthening of national human rights capacities in the countries in which it operates.

Central to the Bank's work, and the most important measure of its success, is the reduction of poverty. In promoting economic development, the Bank aims to create an environment for the enjoyment by individuals of all their human rights. Indeed, the right to development is all-encompassing, demanding the realization of civil, cultural, economic, political, and social rights. This approach enhances the human dimension of World Bank strategies focusing on, among other aims, strengthening institutions of governance and democracy. From this perspective, the role of human rights as empowering individuals and communities is obvious. By protecting these rights, we can help prevent the many conflicts based on poverty, discrimination, and exclusion that continue to plague humanity and undermine decades of development efforts.

—Mary Robinson
United Nations High Commissioner for Human Rights

Introduction

The World Bank Group¹ joins the international community in commemorating the fiftieth anniversary of the Universal Declaration of Human Rights. The principles enshrined in the historic 1948 Declaration, and refined in later international agreements, continue to provide “the common standard of achievement for all peoples and all nations.” They also serve as a challenge for the World Bank and other members of the United Nations (U.N.) family to advance through their work the ideals represented in the U.N. Charter.

It is important to recall the historic environment in which the Universal Declaration was born. Created three years after the end of World War II, and on the eve of a Cold War that would divide the world’s people for nearly half a century, the Declaration gave steadfast promise to the idea that every man, woman, and child has fundamental value and shares inalienable human rights and freedoms.

Today we live in a world that is in many ways more promising than that of 1948. Instead of beginning a great division, we are coming together more rapidly and in ways undreamed of 50 years ago. Instead of growing isolation, we live in a time of greater potential inclusion. We can, at long last, look forward with realistic hope to lifting a large number of the world’s poorest people from absolute poverty, to ending harmful child labor, to ensuring that every family in every city has safe drinking water and adequate nutrition, and to building a world in which we are truly neighbors. None of this, however, is guaranteed. Conflict and violence continue to afflict dozens of countries and millions of people. Global economic integration will not open doors to people if they remain illiterate and cut off from knowledge and technology. Children will continue to slave away their innocence if unforgiving economic conditions force parents into desperate decisions. And preventable disease will go on taking lives if countries are unable to invest in health and sanitation.

¹ The World Bank Group includes the International Bank for Reconstruction and Development (IBRD); the International Development Association (IDA); the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID).

The World Bank believes that creating the conditions for the attainment of human rights is a central and irreducible goal of development. By placing the dignity of every human being—especially the poorest—at the very foundation of its approach to development, the Bank helps people in every part of the world build lives of purpose and hope. And while the Bank has always taken measures to ensure that human rights are fully respected in connection with the projects it supports, it has been less forthcoming about articulating its role in promoting human rights within the countries in which it operates. This fiftieth anniversary of the Universal Declaration of Human Rights gives us the opportunity to assess our role and to identify areas where we can do even more to reflect the principles enshrined in the Declaration into all of our work.

Human Rights: Which Ones?

There has been much discussion in recent years over which rights constitute the most important human rights. Some argue that political and civil liberties form the true bedrock of human rights, including freedom of the press, speech, and assembly; the right to vote and to petition the government; and entitlement to due process of law and other legal protections. These form what is sometimes called the “traditional” concept of human rights, and are reflected in large part in the International Covenant on Civil and Political Rights. Others contend that a fundamental right to basic necessities for an adequate standard of living, including employment, nutrition, shelter, health care, and education, are more important, particularly for the poor. These rights are similarly articulated in the International Covenant on Economic, Social, and Cultural Rights, as well as in the later Declaration on the Right to Development. This debate has been important to the extent that it reminded the world that *all* of the principles illuminated in the original Declaration are important.

Unfortunately, however, public discourse on human rights and development too often ignores their fundamental two-way relationship. The world now accepts that sustainable development is impossible without human rights. What has been missing is the recognition that the advancement of an interconnected set of human rights is impossible *without development*. Enlightened legislation and vigorous civil society are essential. But they are not enough. Human rights are in a sense both the design *and* the product of people organized through government. They don’t just happen. Many public services will only reach the poor if governments are both capable of delivering them, and do so without the obstacles of corruption; laws created to end child labor will be more effective in economic conditions

that allow families to live off of the incomes of parents; and legal rights are better pursued in effective court systems.

With the final document of the 1993 Vienna World Conference on Human Rights, the international community has moved toward accepting the equality and indivisibility of all human rights. Governments must continue to work to advance all human rights for all people.

The Bank contributes directly to the fulfillment of many rights articulated in the Universal Declaration. Through its support of primary education, health care and nutrition, sanitation, housing, and the environment, the Bank has helped hundreds of millions of people attain crucial economic and social rights. In other areas, the Bank's contributions are necessarily less direct, but perhaps equally significant. By helping to fight corruption, improve transparency and accountability in governance, strengthen judicial systems, and modernize financial sectors, the Bank contributes to building environments in which people are better able to pursue a broader range of human rights.

Strength Through Diversity

The World Bank is a specialized agency of the United Nations, devoted to economic and social development in its member countries. It now has 181 member countries, each with different historical experiences, social dynamics, and economic and political systems. The Bank's Articles of Agreement set out its broad scope of activity in economic and social development. They also establish guidelines that limit the range of its activities. In particular, the Articles state that, in all its decisions, "only economic considerations shall be relevant."

Some believe that this restriction prevents the Bank from adequately confronting the issue of human rights. And to be sure, some aspects of human rights do fall outside its mandate. But the Bank's economic and social approach to development advances a comprehensive, interconnected vision of human rights that is too often overlooked.

There is also practical, operational value in the way the Articles are drafted. Because lending decisions are based on the quality of the project, and the effectiveness of the programs in reducing poverty, the Bank has been able to escape the costly experience of committing scarce funds based on short-term political or ideological considerations, which have little to do with relieving the burden of poverty.

None of this means that the Bank views other factors—factors that go to the heart of civil and political rights—as any less important to development. It does mean that, constituted as it is, and with the expertise and resources it possesses, the Bank makes its greatest con-

tribution to development—and *simply is able to help more people*—by continuing to focus on the important work of economic and social development.

A Flexible Bank

The Articles have also provided the Bank with the flexibility necessary to confront the changing needs of development. Indeed, the Bank's story has been one of change and adaptation. In the immediate postwar years, the new institution focused on rebuilding a weary and ravaged Europe. Soon, the Bank turned its attention and resources to building productive capacity in poorer countries in Latin America, Asia, Africa, and the Middle East. In subsequent years, as new challenges to development appeared, and evolved further, the Bank continued to adapt its approach. From major infrastructure projects to poverty alleviation to refugee resettlement to AIDS prevention to anticorruption strategies, the Bank has dedicated itself to helping its clients confront difficult and rapidly evolving development challenges.

Just as important, this flexibility has allowed the World Bank to determine where it should commit its limited resources, and where it should count on its many partners. No single institution can or should attempt to do everything. Building durable, widely shared economic growth depends on many factors. Investing in people, transferring know-how and technology, providing essential infrastructure, and creating systems of governance that are open, accountable, and efficient make a difference. Private investors, nongovernmental organizations and civil society, bilateral donors, and multilateral institutions such as the World Bank all have a role to play. Currently, the Bank is expanding its dialogue with civil society in a range of areas both within and outside of its own mandate and expertise. By seeking out *synergy* of ideas and *complementarity* of labor, all of us can be more effective.

The Bank's history, its mission, and, most of all, its people have created an institution that, at the end of every day, makes a real difference. Women are giving birth to healthy babies, children can go to school, parents have economic opportunity, and communities are rebuilding from war to peace. This short booklet, undertaken in commemoration of the Universal Declaration, illustrates the Bank's contribution to a broad spectrum of human rights. Whether they are called economic and social, or civil and political, Bank programs help unlock human potential—the most fundamental human right of all.

Economic and Social Development

The World Bank and Poverty Reduction

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, and medical care and necessary social services....

—Universal Declaration of Human Rights

This ambitious statement, which forms the basis of the economic and social aspects of the Universal Declaration, stands as a promise that today remains far out of reach for too many of the world's people.

The Bank's experience, however, shows that real progress is possible. We know it because we see it happen. Over the past 25 years, developing countries have made dramatic progress in improving living standards. Infant mortality has been halved. On average, people are living longer by nearly a decade. Even in Sub-Saharan Africa, where progress in reducing poverty has been most difficult, infant mortality rates have decreased by a third, and life expectancy has risen from 44 years to 52. Average incomes per person in the developing world have doubled since 1970—an achievement that took the United States nearly 40 years, and the United Kingdom nearly 60, to achieve.

And yet, despite this progress, more than 3 billion people in the developing world still struggle in grinding poverty, and the number continues to grow. Every year nearly 8 million children die from diseases caused by dirty water and poisoned air; 50 million children are mentally or physically damaged because of inadequate nutrition, and 130 million—80 percent of them girls—are denied a chance to go to school. The shocking fact is that in many parts of Sub-Saharan Africa, a child born today is still more likely to be malnourished than to go to primary school, and is as likely to die before the age of five as to enter secondary school.

Poverty Assessments

The first element in the Bank's approach to development is understanding, in each of the countries and communities in which it works, the particular causes—and effects—of poverty. This means talking with

people—asking the poor themselves what they need most, and what will make the biggest difference in their lives. Since the Bank introduced poverty assessments nearly 10 years ago, 94 assessments have been prepared for 83 countries, covering approximately 90 percent of the world's poor. These findings, reflected in the Bank's Country Assistance Strategies, become the basis of the loan programs for each country.

These assessments and other research inform the Bank's poverty reduction strategy. Its key components include increasing the productivity of the poor through investments in human capital, support for improved economic policies, funding rural and agricultural economic development programs, and debt relief.

Investing in People—Health and Education

In developing countries, the leading cause of death and disability among women is childbirth. Every day, more than 1,600 women die from the complications of pregnancy: 1 in every 48 women in all developing countries, and 1 in 16 in Africa. (In North America, the number is *one in 3,700*.) And if a child survives birth, he is likely to face a short life of illness and hunger. Today, 150 million children under the age of 5 are gravely malnourished, another 260 million suffer from anemia or other vitamin or mineral deficiencies. In 1998, 11 million children will die unnecessarily from diseases as simple and treatable as diarrhea. For those children who do survive, little chance exists for education and opportunity to escape poverty.

The Bank has placed health and education at the center of its lending and advisory programs in poor countries. In fiscal 1998, Bank lending in health, population, and nutrition amounted to more than US\$1.9 billion (see following figure). The Bank is supporting projects designed to reduce child mortality through improved maternal health care and education, programs that support inoculation, basic nutrition, and the construction of rural health clinics. These health programs are complemented by US\$665 million (fiscal 1998) in lending for basic infrastructure such as water supply and sanitation facilities.

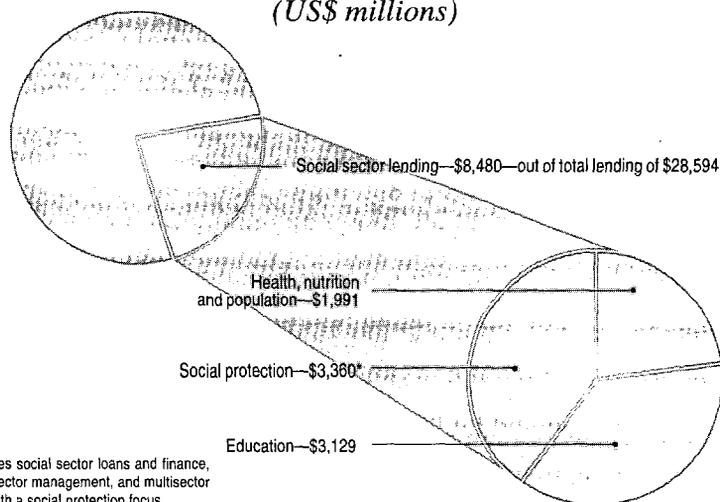
While some diseases are easily treatable, the incidence of others can be reduced through prevention and education. The Bank is helping here, too, most notably with regard to the AIDS epidemic. Of the more than 30 million people worldwide who are currently living with HIV/AIDS, 90 percent are in developing countries; more than 40 percent of those infected are women. Because the disease initially attacks the most productive segment of a population (people aged 15 to 49 years), in many countries it is now one of the greatest threats to development. AIDS destroys economic activity, education, child and elderly care, and other complex social patterns that lie at

development's heart. Left unchecked, particularly in Africa, the disease threatens the progress that has been made over recent years.

The World Bank is one of the leading financiers of HIV/AIDS activities in the world. To date, the Bank has committed more than US\$800 million to more than 70 current and future projects around the world that are aimed at preventing and controlling HIV/AIDS and sexually transmitted diseases (STDs). As one of six cosponsors of the Joint United Nations Program on HIV/AIDS (UNAIDS), the Bank is playing a role in shaping the global response to the growing crisis, helping to create a multifaceted strategy to contain the spread of the disease and to help those already ill. Other participants include the United Nations Children's Fund (UNICEF), the United Nations Development Program (UNDP), the United Nations Population Fund (UNFPA), the United Nations Education, Scientific and Cultural Organization (UNESCO), and the World Health Organization (WHO). A key factor in this strategy is education.

The Bank is the single largest external source of finance for education in the developing world. During the past 35 years, the Bank has loaned US\$24 billion for education, supporting nearly 600 projects in more than 100 countries. In the past five years, Bank lending for education has averaged US\$1.7 billion annually. It is placing greater emphasis on primary education, and working with countries to open the doors to those previously excluded, particularly girls, the rural poor and linguistic minorities. It is also reaching out to the more than 900 million illiterate adults, of whom 600 million are women, to bring education into the homes and villages.

World Bank Lending for the Social Sector, Fiscal Year 1998
(US\$ millions)



Source: *World Bank Annual Report, 1998.*

Economic Growth

The Bank has learned a great deal about what works best in fighting poverty. Widely shared economic and social development depends on a number of complex, interdependent factors. Countries will differ somewhat in the approach they take, reflecting important social or cultural dynamics. But no matter the country, or the mix of policy choices, long-term economic growth is the sine qua non of poverty reduction. No country has achieved sustained decreases in poverty without it.

The international community understands better than ever which policies most effectively contribute to economic growth: Openness to trade and investment, stable exchange rates, low inflation, sound fiscal policies, and acquisition of high technology are the basics. These policies not only generate investment, but help maximize the benefits of development assistance. The Bank, through its research and experience, has been a leader in developing these lessons, and has worked successfully with many of its member countries in the design and implementation of policies that have helped produce high growth rates and rapid poverty reduction.

Over the years, these policies have sometimes been the subject of concern for the Bank's partners in civil society, including in the human rights community. Some believe that reform programs—when they result in the cutting of subsidies, the adoption of trade liberalization, and privatization—place undue stress on the poor. And it is true that economic policy reforms can cause real pain to real people. However, these programs have come a long way since the beginning, in terms of cushioning the impact on the poor and expanding the benefits of reform to all people. This is the challenge for governments and lenders.

But the difficulty of the policies should not be mistaken for their necessity. Countries that do not adopt a broad mix of outward-oriented, progrowth policies risk being left behind in an increasingly global economy, with the poor suffering the most severe consequences. It is not, therefore, economic reform lending that should raise concerns about human rights, but rather, how those programs are implemented, and what measures are taken to ensure that the needs of the poor are not neglected. The Bank has learned a great deal during the past 15 years about how to design social safety nets and other programs to ease the transition into reforms. Those who design sound economic policies must pay particularly close attention to social spending in countries dealing with high external debt obligations.

Debt Relief and the Heavily Indebted Poor Countries Initiative

For approximately 40 poor and highly indebted countries, official debt owed to bilateral and multilateral creditors has grown so high that governments are finding it difficult to both service their debt and make important investments in health care and education—the building blocks of development.

Concern about the relationship between poverty and debt has never been more acute than today. Many have called it the “great moral question of our time.” The severity of the problem and the recognition that all parties—borrowers and lenders alike—share responsibility for its resolution has led the international community to work together to find a solution.

In September 1996 the Bank, with the International Monetary Fund, endorsed the establishment of the Heavily Indebted Poor Countries Initiative. The HIPC framework marks an important change in traditional approaches to debt relief in that it focuses on debt sustainability, and on the need for joint action in providing debt relief by all creditors, including, for the first time, multilateral institutions.

The initiative reduces the overall amount of debt owed and cuts debt servicing payments within a sustainable development strategy, with particular focus on investments in primary health care and education. As part of an improved economic environment, HIPC debt relief will be used to expand programs aimed directly at poverty reduction. By helping to sustain better economic policies, it will also increase private investment and generate domestic enterprise.

Cultural Heritage and Development

The Universal Declaration is careful to place culture as a fundamental right alongside basic economic and political rights. The role cultures play in war and social violence is clear. The practical impact of culture on development is becoming equally apparent, and the World Bank has been increasing the attention it gives to this relationship. In the 1980s, the Bank adopted a policy to prevent projects it supported from injuring cultural heritage sites, and in the early 1990s, it developed policies to address the importance of indigenous cultures.

Recently, however, the institution has embraced a broader vision of culture as not just connected with, but fundamental to, successful development. Culture is defined as the whole complex of distinctive spiritual, material, intellectual, and emotional features that charac-

terize a society or social group. It includes not only arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions, and beliefs.

The Bank can contribute to the preservation and advancement of culture in three distinct areas. First, at a conceptual level, to identify how culture defines roles in society, both in empowering and restricting people's social and economic contributions. In a related manner, it will examine the economic justifications for investments in culture, to place extrinsic value on those things worth saving. This is essential, just as the valuation of environmental assets, including biodiversity, was crucial to generating world commitment to protecting the environment. Second, it intends to support, financially and technically, appropriate programs designed to safeguard important cultural heritage. Finally, more important than analysis and funding, the Bank can help create a cultural alliance with governments, the private sector, and civil society, and complement common initiatives through ongoing support of education, health, science, technology, telecommunications, and other investments. The Bank is working closely with UNESCO and a broad range of international, national, and local cultural and development institutions to identify how to strengthen these partnerships for the future.

In sum, building water treatment plants, providing maternity care to poor women and AIDS sufferers, reducing external debt, and working to open the door to school for millions of girls are not the first things that come to mind when discussing human rights. But when these basic services are denied to people through mismanagement, corruption, or intentional exclusion, serious questions of human rights arise. Inequality in the provision of services can largely be traced to the failure and corruption of institutions. Strengthening these institutions, and making government more transparent, is a key function of the Bank's mission.

Governance and Development

Everyone has the right to take part in the government of his country, directly or through freely chosen representatives; Everyone has the right of equal access to public service in his country; The will of the people shall be the basis of the authority of government....
—Universal Declaration of Human Rights

Building Better Governance

For the first few decades of its history the Bank addressed development primarily as a technocratic challenge. The implicit model was that good advisers and technical experts would design good policies and good projects, which good governments with adequate resources would then implement for the benefit of society. The Bank has learned, however, that at least as important as the policies and the resources for development are the efficiency and transparency of the institutions that carry out the policies. World Bank President James Wolfensohn made this clear when he underscored the connection between good economic performance and accountable governance:

Irrespective of political systems, public decisions must be brought right out into the sunshine of public scrutiny. Not simply to please the markets but to build the broad social consensus without which even the best-conceived economic strategies will ultimately fail.

This theme is strongly supported by World Bank research, which suggests the strong link between economic performance with accountability and the openness of governance.²

The World Bank helps its client countries build better governance. This assistance in improving the efficiency and integrity of public sector institutions—from banking regulation to government auditing functions to the court system—has a singularly important impact on creating the *structural* environment in which citizens can pursue and continue to strengthen all areas of human rights.

² Isham, Kaufman, and Pritchett. “Civil Liberties, Democracy, and the Performance of Government Projects.” 11 *The World Bank Economic Review* 2.

The debate about the role and size of government, which at times over the years has been waged at the extremes, appears to be reaching constructive middle ground. The last 50 years have illustrated vividly both the good and the harm an active state can do.

Today, instead of focusing on an optimal size for government, or particular industries in which the state should and should not be involved, emphasis is increasingly placed on efficiency and transparency: governments of whatever form work best when the policies they pursue are decided openly and implemented uniformly, with ongoing participation of individual citizens and civil society.

In the *World Development Report 1997: The State in a Changing World*, the World Bank identified five fundamental tasks that governments must administer to ensure sustainable, widely shared development.

- Establishing the foundation of law
- Maintaining a nondiscriminatory policy environment, including macroeconomic stability
- Investing in basic social services and infrastructure
- Protecting the vulnerable
- Protecting the environment

Transparency—The Fight Against Corruption

For governments to be effective, they must have the trust and confidence of the people they are meant to serve. Public institutions must operate free of bias and establish a fair, predictable set of rules around which people can organize economic and social enterprise. This trust is manifested through institutions such as courts, tax administration, the civil service, the provision of public services, and the design of public policies

In many countries, a threat to this process is corruption—the misappropriation of public power for private gain. When corruption is left unchecked, public resources are diverted to those with power, and policies designed to help the poor and support economic activity cannot succeed. Market liberalization can achieve the benefits of increased competition only if goods are not held up at ports and transit points by bribes; benefits from increased spending on health are compromised if pharmaceuticals and medical supplies are stolen by ministry officials; and environmental programs to preserve endangered ecologies are useless if timber contracts are sold under the table.

While corruption is ultimately carried out by people, it is fundamentally a problem of governance, particularly the conglomeration of power and discretion combined with the lack of accountability and scrutiny. The challenge is to design institutions and systems that

cut down on both the *incentive for*, and the *capability of*, public officials to engage in corrupt activity. Incentives are addressed through merit-based promotion and better pay on one end and tighter monitoring and harsher penalties on the other. Capability is enhanced by constructing institutional checks, including introducing competition in the provision of licenses, permits, and other public services.

The World Bank is working with its member countries in a number of areas to build transparency and openness in government. The Bank has worked for many years on the internal regulatory mechanisms of government—accounting and audit, procurement and personnel. Greater understanding of the monitoring and enforcement functions that are rooted in a country's constitutional separation of powers—including the coordination of the mutual monitoring roles of legislatures and executives, the diffusion of power associated with decentralization, and, of course, the powers of an independent judiciary—is clearly needed.

Corruption is often an international problem, requiring international solutions involving both the public and private sector. For many years, bribery and fraud were simply an accepted part of doing business across borders. Foreign business agents assumed that bribery placed them in preferred positions to secure contracts and maximize profits, and local officials rationalized that under-the-table arrangements fueled the economy. The evidence is now in, however, that both sides were mistaken. Survey research undertaken by the Bank and others finds that foreign firms that engage in bribery actually spent more time with bureaucrats, negotiating licenses and agreements, than those that did not bribe, and that the effects of bribery on the economy over time are devastating. Corruption eventually scares away investors, both foreign and domestic, capital disappears, jobs are lost, and the poor are hit the hardest.

As a global, multilateral organization, the World Bank is working with its partners to shine a spotlight on the problem of corruption in international business transactions. One important area of international coordination is criminalizing the bribery of foreign officials. The Bank is working with regional organizations such as the Organization of American States (OAS), the Asian Development Bank (ADB), the Organization for Economic Cooperation and Development (OECD), the Council of Europe, and others to keep a focus on the issue, share research and knowledge, and in drafting international conventions. In addition to working with other official organizations, the Bank is building partnerships with the business community and civil society, in particular with Transparency International, which has been leading the way in civil society in the fight against corruption.³

³For more information, see *Helping Countries Combat Corruption: The Role of the World Bank* 1997.

Equality and Development

“Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world.”

—Universal Declaration of Human Rights

It is clear that a growing feature of poverty is the dramatic inequalities in access to the prerequisites of economic growth: education, health care, credit and basic financial services, land and knowledge. Such disparities signal problems of more profound distortions, manifested in the exclusion from public services of women, ethnic, religious and racial minorities, and geographically isolated communities. This social exclusion can lead to social instability and, all too often, to violence.

Access to Credit

Equality of opportunity is impossible without adequate access to credit and basic financial services. Where once gender or geography were barriers to economic enterprise, innovative services that bring credit and knowledge to rural communities are proving to be both sound development and good business. In many countries today, innovative microfinance institutions are providing credit and financial services, such as savings programs and technical advice, that give low-income people—often women—the foundation to build their own future.

More than 500 million of the world’s poor run profitable small and microbusinesses. These microentrepreneurs have shown that they repay market-based loans and use the proceeds to increase their assets, their living standards, and their roles in shaping societies. Yet fewer than 2 percent of low income entrepreneurs and producers have access to financial services. Too many are forced to mortgage their security by turning to money lenders who charge extortionary interest and threaten harsh penalties. For both moral and economic reasons, reducing dependency on usury and widening access to credit at viable commercial rates is a high priority.

The Bank is providing support for a number of microfinance, rural development, and small and medium enterprise development programs. In particular, it is playing a lead role in the Consultative Group to Assist the Poorest (CGAP), a multidonor effort to systematically increase resources in microfinance in order to broaden and deepen the success of the work done by pioneer institutions in this field.

Access to Justice

A persistent and never ending appeal to the law—not just to the laws concerning human rights, but to all laws—does not mean at all that those who do so have succumbed to the illusion that in our system the law is anything other than it is. They are well aware of the role it plays. But precisely because they know how desperately the system depends on it—on the noble view of the law, that is—they also know how enormously significant such appeals are.

—Vaclav Havel, *The Power of the Powerless*

No human rights can be guaranteed without a strong, accessible, and independent judiciary. The Bank has long recognized the importance of open and efficient courts to sustained and widely shared economic growth: contracts must be enforced, property rights must be protected, and foreign and domestic investors must have confidence in the legal security of their investments. But the legal system does more than this. A country's system of justice should be the ultimate guarantor of equality under the law between the rich and poor, the powerful and the weak, the state and the citizen. Absent this, corruption and theft will undermine not just the integrity of the economy but also the stability of society.

Although the Bank has provided support to judicial reform projects for some time, this remains an area in which it has limited in-house resources and much to learn. At the same time, however, because of the absolute centrality of judicial reform to the success of the projects the Bank supports—and development overall—the institution is increasing its capacity to assist governments undertaking judicial sector reform, and working with its partners from civil society. These programs expand training, design more effective administrative systems, supply information technology, and support new forms of conflict resolution (for example, alternative dispute resolution). Each of these activities improves the public perception of the rule of law by expanding access to courts and extrajudicial dispute resolutions.

Guatemalan Judicial Reform

Another important area of legal reform in developing countries is accommodating different, traditional legal traditions into a national system.

Guatemala is in the early stages of a dramatic transition from 36 years of war to a stable peace. The World Bank is assisting in that transition by supporting a crucial objective of the 1996 Peace Accords: the establishment of a modern, efficient judicial system that is accepted and trusted by all the people. The underlying premise behind the initiative is that by involving civil society, the legal profession, representatives of indigenous communities, and the central government, the reform program will help build trust within the population and hasten the peace and reconciliation process.

One important area of this process is gaining the confidence of rural indigenous communities, and finding ways to incorporate customary law and traditional dispute settlement mechanisms into local and national legal systems. The Bank is preparing other initiatives that will focus on access to justice for women and children, create legal aid services, and promote wide citizen participation and multilingual communication.

Access to Voice and Knowledge

"There has never been a famine in any country that has been a democracy with a relatively free press....I know of no exception."

—Amartya Sen, *Resources, Values, and Development*

For centuries, the open exchange of ideas and information has been considered by many the cornerstone of freedom. As we prepare to enter a new century it has become the foundation not so much of economic dynamism, but of survival: millions of children die each year from diarrhea, an easily preventable and treatable sickness; simple agricultural techniques could help multiply crop yields; and basic communications technology could make the difference in the success or failure of rudimentary financial markets.

More than ever, commercial *and* social prosperity is built around the emergence of an informed citizenry—an ever-expanding circle of people who can demand improved policies and corruption-free institutions.

Indeed, a recurring lesson from economies dealing with financial turbulence is that full disclosure of financial information—good and bad—is fundamental to sustained economic growth, even in relatively mature economies. Disclosure is a function of sound corporate governance, strong regulatory institutions, and, equally important, a vigorous press.

In every democracy, the news media are central to this capacity for generating and interpreting information. Well-trained, professionally managed, and independent news media can inject both usable knowledge into the economy, and accountability into the political process. However, for the many news organizations emerging from state ownership and mismanagement, the transition is difficult. Often, the media tend to be sensational, unreliable, and subject to partisan control. The most glaring shortcoming is the low priority given to covering sweeping economic changes that populations are trying to understand. In the absence of regular explanation and analysis of critical economic issues affecting their lives, people will have difficulty understanding and participating in changing economic structures.

The World Bank, particularly through the Economic Development Institute (EDI), is working with journalists to strengthen the role and effectiveness of the press. EDI has been particularly active in Africa, running Introductory Investigative Journalism (IJ) workshops in Uganda, Tanzania, Malawi, Benin, and Mauritius. Additional workshops in Ethiopia and Bangladesh are now underway. EDI also sponsors National Integrity Systems (NIS) workshops, which have been conducted in Africa and South Asia. These participatory workshops bring journalists, government officials, and civil society together, often for the first time, to discuss issues of transparency and openness in government decisionmaking.

Knowledge and the Challenge of Globalization

As East Asia has shown over previous decades, economic integration can have a powerful effect on economic growth and poverty reduction. During the 1990s, the “Asian Tigers” have led the world in financial globalization. Since the decade’s beginning, the region increased private foreign investment from \$20 billion to almost \$100 billion, accounting for more than one-third of the total for all developing countries, and nearly half of all foreign direct investment. This financial dynamism led to enormous benefits for the poor. The proportion of the population throughout the region living on less than one dollar a day fell from 6 in 10 in the mid-1970s to only 2 in 10 in the mid-1990s. The numbers of poor fell from more than 700 million to less than 350 million over two decades.

At the same time, however, the East Asian financial crisis in the late 1990s illustrates vividly the challenges of integration. Sustained eco-

conomic growth requires more than rapid financial flows and vibrant foreign trade. Economic growth ultimately depends on maintaining market confidence—and confidence is based fundamentally on reliable information. Strong government institutions, clear and enforceable regulations, transparent corporate governance, and a vocal, persistent press are all required to ensure the fullest degree of information disclosure, and its long-term, sustained growth.

Since the East Asian crisis, the World Bank has worked with its member governments to restructure critical areas of their financial systems in order to better provide this crucial information. In Thailand, the Bank is establishing a financial restructuring agency to manage the claims of creditors and depositors of suspended companies. In Indonesia, its financial sector reforms include monitoring nonperforming portfolios and insolvent banks to improve efficiency and capital adequacy, strengthening credit appraisal and risk management, improving bank supervision, and providing better laws governing bankruptcy, competition policy, disclosure, and ownership. In Korea, as well, the Bank is providing support on a range of reforms. In the area of corporate governance, emphasis is being placed on bringing accounting and auditing practices in line with international standards, clarifying the responsibilities of corporate directors, and strengthening the protections of minority shareholders. In the financial sector, equal focus is being devoted to enhancing the power of supervisory authorities to intervene in and resolve troubled financial institutions, and to ensure their sound management. Altogether, these programs are designed to improve the transparency and adequacy of information to investors and all citizens.

Access to Property Rights

Property is the ultimate potential asset of every poor person. It is the foundation upon which citizens participate in community and political life. When poor people own property in a secure and recognized fashion, they are more likely to attend school, seek medical care, invest in land, protect the environment, and build social harmony.

Unfortunately, because of ill-defined institutions and inefficient, burdensome, and often corrupt bureaucratic systems, many of the world's poor are prevented from fully realizing the value of their property. The main problem in developing countries is that property claims by the poor, while acknowledged within the community, are too often not recognized by the state. As a result, these informal owners, who account for more than 50 percent of the poor, lack access to the social and economic benefits that secure property rights provide. For many poor, their

home and land is their only asset. Without clear ownership rights, they are unable to sell this sole asset, to use it as collateral to borrow money to start a business, or even to pass it on to their children.

In Peru, for example, more than 60 percent of urban property is “owned” without formally recognized, registered titles. As a result, these assets, estimated to be worth US\$4 billion, are largely dormant and unrecognized by the formal market; furthermore, the traditional process of establishing formal recognition is almost impossible. The consequences can be debilitating to any incentive to formalize ownership. If a mother in Lima wishes to register her property, she must be prepared to embark on what is likely to be a 15-year process requiring hundreds of bureaucratic steps, 14 different agencies, a US\$2,000 cost, and a number of bribes.

The Bank has recently started working on institutional reforms designed to simplify the process by which the poor formalize their property rights. One of its recent initiatives is supporting the Peru Urban Property Rights project. The project applies a unique approach to property formalization and has the potential of introducing approximately one-third of Peru’s population to the market. It departs from traditional concepts of titling and registration, by building a low-cost, user-friendly property market regime. The beneficiaries are marginalized communities with remote connections to formal rules, but well organized and with very strong social capital built on trust and interdependence. This program, developed step by step with the communities as major partners, has a twofold impact: first, it builds civic ties between the citizens/beneficiaries and the state, and second, it transforms the beneficiaries into participants of a formal market. The process involved the participation of many stakeholders—local communities, a local research institute, the Bank, the government, and the private sector.

This new approach was successfully tested through a pilot in 1992. The number of agencies was reduced from 14 to only 2, the costs from US\$2,000 to US\$50, and the time from 15 years to under 6 weeks. The mother in Lima was finally able to get her property registered, and then use it to get a loan to build indoor plumbing and start a business. The successful implementation of this program will enable millions of poor peoples’ assets to become marketable as capital. The operation is part of the government’s efforts to concentrate on second-generation reforms that will create new markets and modernize the economy while incorporating the economically disenfranchised. Second-generation reforms are now identified by the Bank as pivotal in its agenda for promotion of further economic development and poverty alleviation. The successful experience of this reform model is being emulated in countries with similar problems.

Protection for the Vulnerable

Recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world.

—Universal Declaration of Human Rights

Poverty is not about policies; it is about people. Poverty is weakness and painful hunger; it is children too small to be steady on their feet enduring back-breaking labor; it is living in deplorable conditions and lonely isolation; and it is all too often fear and violence, sometimes on a grand scale. Development initiatives are most effective when they identify the most vulnerable among us.

Women

In many parts of world, women are denied equal status through oppressive economic conditions and a range of legal, cultural, economic, and political constraints. The destructive impact of these barriers to economic growth is compounded by the high proportion of female-headed households, particularly among low-income groups, and the major economic responsibility that women have for the economic and social welfare for this important sector of society.

The Bank complements its efforts to increase women's access to education, health care, and credit in a range of other social and economic areas. Most World Bank poverty assessments now specifically examine gender differences in the impacts of poverty and in responses to poverty reduction policies and programs. Women are frequently more severely affected by extreme poverty because they often bear the burden of ensuring household survival. In practice, this means having to go farther afield to seek fuel and water, to engage in time-consuming barter arrangements to obtain essential supplies—all the while having to take care of the family's immediate needs. Documentation of experiences in designing projects to reduce women's time burden and to ensure the continued provision of essential services is available, in particular, documentation on social funds—one very promising approach. There is also increasing awareness that conventional survey methods do not adequately capture the gender dimensions of poverty and that they must be combined with participatory evaluation methods.

Studies have illustrated the dramatic economic rate of return of investing in girls' education. When the social returns are considered, particularly improved health and education levels of children and lower population growth rates, the case for girls' education is even stronger. Although differences are decreasing in many countries, gender differences in access to education and educational performance are maintained by a range of economic, cultural, administrative, and even political considerations. At the same time the Bank now has a substantial body of experience on how to overcome or reduce these barriers.

Economic Empowerment of Women

Support for government and NGO efforts to expand opportunities for women is central to IDA's strategy for Bangladesh. Under a Poverty Alleviation Project, IDA will support microcredit programs of NGOs working with the poor, especially with women. With support from IDA, the government is also making a massive effort to bring more girls into school. The country assistance strategy for Nepal documents social and legal discrimination against women who, for example, cannot inherit land. IDA will seek to upgrade the status of women through lending operations based on an analysis of gender-specific data collected by the Nepal Living Standards Survey. In China, a proposed labor market study will explore the impact of labor market reforms on women's employment prospects and work conditions. Other countries in which gender-specific actions are integral to the proposed strategy include El Salvador, Malawi, Pakistan, Romania, and Vietnam.

Children: Reducing Child Labor

"Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development."

—United Nations Declaration on the Rights of the Child

The International Labor Organization (ILO) estimates the number of working children between 5 and 14 years old in developing coun-

tries to be about 250 million—*nearly the entire population of the United States*. More than 120 million of these children work full time. Although the incidence of children working is actually falling, the problem is still daunting. Few practices elicit public protest and calls for international action like that of child labor. Nightmarish stories of children toiling away their lives in dangerous conditions shock the senses.

At the same time, child labor must be understood in context. This means recognizing that, out of necessity, children do very different work, in varying conditions. In many countries, particularly in rural areas, children work alongside their parents in stable, even nurturing environments, and benefit from formal and informal training and education. Indeed, roughly three-quarters of the world's working children are in small enterprises run by their family. Most of this work is done to meet domestic consumption. Child workers in export industries, such as textiles, clothing, carpets and footwear, are relatively few. In total, less than 5 percent of all child laborers are employed in the export manufacturing or mining sectors, and only 1 to 2 percent are employed in export-oriented agriculture.

What do these numbers mean? Child labor presents development and poverty reduction strategies with an enormously complex challenge. In some cases, children's labor is essential to keeping families above levels of bare subsistence—the difference between life and death. Acknowledging this does not in any way minimize the outrage about the many children who suffer from brutal working conditions, child prostitution, and bonded labor. This must be brought to an end. A full understanding of the problem, however, will allow for the creation of a more effective, coordinated strategy to improve conditions for the majority of children, and for forceful action to end the nightmare for the others.

What to do? We know that the incidence of child labor declines as per capita income increases. The labor force participation of children aged 10-14 years is 30 to 60 percent in countries with per capita income of less than \$500; it declines substantially, to 10 to 30 percent, in countries with incomes between \$500 and \$1000. Child labor also decreases as educational enrollment increases. Having children work is, simply, a brutal economic decision too many parents are forced to make. Clearly, one powerful way to reduce child labor is to help create economic conditions that provide parents an alternative.

The World Bank is working with its member governments to help provide this alternative. Programs that improve the labor earnings of the poor, provide access to capital, and create safety nets are particularly relevant. Education is also critical; where children simply cannot attend school full-time, programs that structure education around planting and harvesting schedules and other demands make

school an option for many, often for the first time. Action is also being taken to reduce educational costs, eliminating a disincentive for families that cannot afford to pay for school. This may take the form of educational subsidies, free meals and supplies, and the provision of day-care facilities, so that sisters and young mothers have somewhere safe to place infants while they are in school.

The Bank is also giving more focus to child labor in its policy dialogue with borrowers. Bank staff are being trained to be more aware of child labor in their work. When the Bank has concerns with the level or kind of child labor in a borrowing country, it raises the issue, with an eye toward helping the government to address the problem. This may take the form of including a provision in lending agreements that the borrower would undertake to enforce its laws where there is good reason to believe that exploitative child labor with negative development effects may occur. The Bank can offer other safeguards against the use of harmful child labor in Bank-financed projects. In South Asia, for example, task managers have been instructed to report any indication of child labor in Bank projects or related activities. The Bank will disseminate these practices to other regions and will monitor regional activities on child labor issues.

To increase its capacity in this area, the World Bank is creating partnerships with civil society and international organizations such as the ILO and UNICEF. Thanks to this collaboration, fewer children will have to work—even in family businesses; for those that do, more can be done to make sure that they have the opportunity go to school; and all partners can work together to end the worst forms of child labor.

Victims of War and Violence: Postconflict Reconstruction

There is no greater threat to human rights than war. Approximately 40 countries are today experiencing major conflicts. Unlike those that have come to define the twentieth century, most conflicts today take place *within* rather than *between* states. The composition of combatants is also changing. Once the province of professional soldiers fighting against a foreign enemy, today's struggles overwhelmingly involve civilians both as soldiers and victims. Too often it is children who are on the front line. In World War I, 90 percent of casualties were soldiers, 10 percent civilians; today those numbers are reversed. Women and children suffer the most, social and family structures are devastated, and whole ways of life, developed over generations, are wiped out.

Growing populations, deteriorating ecologies, and poor resource management combine to create the conditions for even more conflict in the future. Violence, in short, is powerfully linked to desperate

economic and social conditions. Fifteen of the 20 poorest countries in the world have had a major conflict in the past 15 years. Unequal access to productive resources such as land, capital, skills, and basic services, especially health care and education, can inflame other social and ethnic tensions. Rwanda, for example, had the highest population-to-usable land ratio in all of Sub-Saharan Africa before its war erupted. And in Angola, war was fueled in part by competition for control of oil and diamonds. To understand how we can achieve a permanent resolution of conflict, it is critical to see war, in part, as a direct manifestation of poverty. Hunger, illiteracy, weakness of government, and the vulnerability of natural resources lead, sometimes directly, to violence.

These tensions are exacerbated severely when the state is either too weak or too corrupt to deal with them efficiently and fairly. Where government is unable or unwilling to create opportunity and ensure a reasonably fair distribution of public goods, the doors are opened wide to manipulation by those with access to power and by those willing to resort to violence. In such cases, the rule of law collapses and social order gives way to anarchy.

The Bank has committed itself to making postconflict reconstruction an important part of its operations. Its work in countries emerging from conflict has focused on two main goals: first, to prepare a knowledge base and build the foundation for comprehensive reconstruction programs that can sustain peace, and second, to decentralize programs to help communities cope with instability and continue with economic development. Examples include the ongoing work in Colombia where the country assistance strategy (CAS) identifies reduction of violence as a key goal of Bank-supported investments.

The early entry of the Bank into postconflict situations through the new "watching brief" (an instrument that enables the Bank to monitor developments in a conflict country when no active portfolio is possible) and the presence of the Bank as an economic advisor at peace accords, as for example in Bosnia and Guatemala, help to ensure that the Bank's advice is linked to the pressures of peace-related expenditures. It also should help ensure that the promises made during peace accords are attainable—that is, that there are sufficient domestic and international resources to finance commitments made to each side. Peace accords that cannot be implemented because they are based on unrealistic assumptions on the availability of resources to finance them are equally a risk.

An important step in developing lasting peace settlements is, where necessary, ridding former war areas of land mines. More than 100 million land mines have been laid throughout many poor countries, causing casualties and blocking economic development and the

resumption of normal community life long after the fighting stops. As part of an integrated strategy of postconflict assistance, the Bank will work to support land mine action programs, including mine surveys and demining of key infrastructure. Finally, the Bank is in the early stages of developing policies to normalize financial borrowing arrangements with postconflict countries by planning a work-out of arrears, debt rescheduling, and the longer-term path to financial normalization.

Pilot programs are being implemented that help empower communities to take control of their own development even in the current background of violence and insecurity. In Central Asia, Bank teams were on the ground in Tajikistan even before the conflict subsided and projects were in place, working through international NGOs to promote local community-based development. Missions have also recently been sent to Afghanistan, Liberia, Sierra Leone, Sri Lanka, and northern Albania (near Kosovo) to help lay the groundwork for reconstruction in these countries, provide the necessary "watching briefs," and restate to the governments the relationship between political stability and development.

Participation and Partnership

Everyone has the right of freedom of peaceful assembly and association.
—Universal Declaration of Human Rights

The seriousness of the conditions outlined in this book calls for many interventions by many different sources. Some dedicated and talented individuals from across civil society are addressing human need on an intimate, personal basis that is irreplaceable; others advocate relentlessly for the interests of the poor and illuminate suffering where it is too easily hidden. Official organizations, such as many in the United Nations family, provide rapid humanitarian relief in every kind of crisis.

People whose lives are affected—and possibly harmed—by development projects and policies must be able to participate in their design and implementation. This is critical not just for the obvious concern for equity and voice, but also for the bottom line: stakeholder participation leads to better projects and more dynamic development. It helps meet peoples' real needs and priorities. Participation strategies are especially crucial in reaching out to and empowering the poorest and most disadvantaged people. Encouraging participation from all parts of society, but especially from the very poor, is a central part of the Bank's approach to poverty reduction.

From merely mitigating the social costs of development, primarily for displaced populations and vulnerable ethnic groups, the Bank has moved to an ambitious social agenda that promotes community-based development, engages in public consultations, and reaches out to a host of new stakeholders. As part of its renewal program, commonly known as the Strategic Compact, the Bank is mainstreaming social analysis into project design by developing action plans that focus on poverty, participation, resettlement, indigenous people, and gender. Social assessments that use participatory approaches are now a mainstay of project design. During fiscal 1998 alone, 120 social assessments were planned or underway. The Bank is building its own capacity in social analysis by increasing its cadre of social scientists, by expanding staff training in innovative participatory approaches, and by appointing social development specialists and NGO liaisons in 64 field offices to maintain in-country contacts with civil society.

The Structural Adjustment Participatory Review Initiative, or SAPRI, is an example of how the Bank is utilizing more participatory ap-

proaches, even in research. Together with a network of 500 civil society groups, the Bank has begun an unprecedented joint study that will use highly participatory research methods to evaluate the impact of structural adjustment programs and to assess how participation can improve the formulation of future adjustment programs in seven countries: Bangladesh, Ecuador, Ghana, Hungary, Mali, Uganda, and Zimbabwe.

This program is important for two reasons. First, economic reform lending in some form will continue to be a necessary step in the development process for many countries. But it will also continue to be difficult, in particular for the poor and otherwise vulnerable groups of people. Reform programs are often begun during periods of economic distress and result in policies that, at least in the short run, can cause further pain. Second, the success of such reform programs depends critically on the understanding and support of those people who are most affected. It is because of this inherent tension that the SAPRI initiative is so important. The SAPRI review provides a unique opportunity for the Bank, governments, NGOs, and other civil society organizations to dialogue openly about how economic reform plans work—to discuss their beneficial, as well as any adverse, effects on poverty reduction and to learn how we can all do them better. Who is hurt by a particular policy decision? Who gains? What programs are in place to address any short- or long-term dislocations? How effective have these programs been in alleviating suffering? These are some of the important questions that can only be fully addressed through the participation of everyone involved. The results of the SAPRI review are expected around the end of fiscal 1999.

Handbook on Laws Affecting NGOs

One area of particular concern to the Bank with regard to participation is the framework of laws relating to nongovernmental organizations. Development requires partnership with those whose interests are most affected by policy changes or specific projects. Often, these people are unable to communicate their interests and concerns to governments and official organizations such as the World Bank. Nongovernmental organizations that help with this communication perform a vital service in the development process. But NGOs can only be effective partners if they are independent and accountable to their members or constituencies. When NGOs provide services to the public or receive substantial tax benefits or public money, they should be financially well managed, transparent, and accountable to the public. Unfortunately, the laws of many developing countries either do not provide adequately for NGOs or are aimed at their control and repression.

To address this problem, the World Bank has undertaken a study of the NGO laws of nearly 100 countries. It has looked at the laws affect-

ing NGOs in every region of the world and every major legal system, as well as soliciting the views of NGOs from industrial and developing countries, and from practitioners in many fields. The resulting handbook, which has been published as a discussion draft, illustrates both good and bad practices for laws relating to NGOs. The draft handbook has been translated into a number of foreign languages and disseminated widely. In addition, the Bank is providing technical assistance to create or improve laws affecting NGOs at the request of local governments and with the participation of NGOs. Countries to which technical assistance has been provided include Mongolia, Thailand, Pakistan, Tanzania, Mozambique, Brazil, West Bank/Gaza, Zimbabwe, Cameroon, South Africa, Kenya, Chile, Madagascar, Yemen, and Vietnam.

Country Assistance Strategy

The Bank is exploring ways of promoting more civil society participation in its country assistance strategies (CASs), with the consent and cooperation of governments. Participation and consultation in the preparation of CASs increased significantly in fiscal years 1997–1998. Roughly half of the full CASs reviewed involved some civil society and NGO consultations. This has improved the quality of the programs by making them more responsive to the needs of the people, and increased public support for them. In light of the increasing openness of the process of CAS preparation, the Bank, with the consent of the government, will issue a CAS Public Information Notice (PIN), after the Board's discussion of the CAS, that will summarize key elements of the country's economic and social circumstances, development agenda, and bank strategy.

In the Uganda CAS, for example, consultations with civil society were designed to inform the process early on. The consultations included representatives of central and local government, donors, the national NGO forum, and the Private Sector Foundation. A series of participatory exercises, conducted jointly with government and with technical support from the United Kingdom's aid agency, and including over 50 focus group discussions, were held in Kabale and Soroti Districts (at district, subcounty, and village levels). The focus groups expressed wide endorsement of the government's Poverty Eradication Action Plan and led to the identification of other priority concerns—for example, the need to tailor agricultural programs to the district or subcountry level. The government, the World Bank, and the U.K. Department for International Development are following up with joint participatory eradication planning in several districts.

A Clean Environment

Perhaps like no other challenge, environmental protection raises the issue of human rights on an international level. Here, obligations are implied not just within states but across borders. Ozone depletion and water pollution in one country can affect the entire world; and successful strategies to mitigate these effects will require a global effort. The World Bank has been expanding its work on the environment beyond its assistance to individual governments to develop a forward-looking strategy to support the objectives of global environmental conventions, to integrate environmental concerns into CAS, and, where appropriate, to set measurable corporate targets.

One key example of the Bank using the power of partnership is the Global Environment Facility (GEF), which it manages in coordination with the UNDP and the United Nations Environment Programme (UNEP). The GEF provides grants and concessional funding for environmental projects and programs. The Facility, originally created as a pilot in 1991, was restructured and replenished with more than US\$2 billion in 1994 to cover the agreed incremental costs of activities that benefit the global environment in four key areas: climate change, biological diversity, international waters, and stratospheric ozone. GEF projects must be country driven, incorporate consultation with local communities, and, where appropriate, involve civil society in project implementation.

World Wildlife Fund

In June 1997 the World Bank and the World Wildlife Fund (WWF) announced an alliance to conserve 10 percent of the world's forests by 2000. Both organizations see this as a strategic partnership that greatly increases their effectiveness, taking advantage of common goals and complementary resources. The World Bank is the largest lender to developing countries for forest conservation and management. WWF is one of the world's leading conservation organizations.

During the U. N. General Assembly Special Session in New York, World Bank President James Wolfensohn announced that, in order to reach the agreed targets, the Bank will help establish 125 million acres of newly protected forest areas in its client countries and bring an additional 500 million acres of the world's forests under ecologically sustainable management by the year 2005.

Conclusion

Fifty years after the adoption of the Universal Declaration of Human Rights, we live in a world of greater opportunity. Communications and technology may allow us to accelerate the development process in many poor countries, perhaps by generations. Growing knowledge about the effects of economic policy choices and the benefits of sound institutions is helping dozens of countries and many millions of people join the global economy. And in every part of the world, there is an emerging consensus that all people have a right to voice and justice.

Reaching the goal defined 50 years ago will depend on all of us doing our part. Governments must not only dedicate themselves to the advancement of human rights, but build systems that foster human rights. This can only work when the citizens themselves are informed about, and integrally involved in, the decisionmaking process. Civil society must continue to press the needs of the neglected, the isolated, and the victimized. The free organization of people into groups based on shared concerns and common goals is a fundamental part of a dynamic, successful society. Finally, international organizations must continue to learn as much as possible about what works, what doesn't, and how to be more effective in all that they do.

For the World Bank, protecting and advancing human rights means helping the world's poorest people escape poverty. But this will require commitment from all sides. It is ironic that today, just as we are learning the keys to reducing poverty, official development assistance is reaching all-time lows. Developing countries are now better able to turn financial resources into effective growth, and invest in the needs of their people. And donors are better able to identify those countries. We know that aid reduces poverty; and now we know how to make aid work better, at lower cost.

Despite the progress made in recent years, and the possibilities held out by modern technology and better policies, 3 billion people are desperately poor. Many suffer unnecessarily from disease and malnutrition, others from the scourge of violence. How we reach out to those in need will determine what is said 50 years from now of the promises we have made.



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We must recognize this link between good economic performance and open governance. Irrespective of political systems, public decisions must be brought right out into the sunshine of public scrutiny. Not simply to please the markets but to build the broad social consensus without which even the best-conceived economic strategies will ultimately fail.

JAMES D. WOLFENSOHN
President, The World Bank



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