

INCLUSIVE GOVERNANCE

EMPOWERING THE POOR AND PROMOTING ACCOUNTABILITY IN LATIN AMERICA AND THE CARIBBEAN REGION

Regional Framework and Strategy for Engaging Civil Society
FY05-FY07



Civil Society
Team

LATIN AMERICA AND THE CARIBBEAN REGION
THE WORLD BANK

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THE WORLD BANK

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Vision and Mission Statement

This strategy encapsulates the main priorities, features, and actions for the World Bank to realize an essential pillar of poverty reduction in the Latin America and Caribbean Region. The strategy is designed to help realize a vision of:

A region with more equity and less poverty with institutions that respond and are accountable to the interests and contributions of their citizens.

To achieve this, in collaboration with its partners inside and outside of the Bank, the mission of the World Bank's Civil Society Team in the Latin America and Caribbean Region (LCR) is to:

Promote inclusive governance through the empowerment of the poor, the participation of civil society, and the strengthening of responsive and accountable institutions.

Background

This is the second version of the framework and operational strategy for empowering the poor and promoting accountability in the Latin America and Caribbean Region. It updates the previous strategy paper, covering FY02-FY04, and projects forward for the three coming fiscal years, FY05-07. The strategy sets ambitious goals for engaging civil society to promote inclusive governance. It reflects a generally positive assessment of what has been accomplished in the past three years and seizes the opportunity

to scale up and mainstream engagement. It broadens horizons and adopts systemic, institutional approaches to the policy dialogue with civil society. The strategy is progressive and selective, building on what has been achieved, setting realist targets for what can be done in the future, and focusing on clear priorities. It concentrates on three central themes, as described in subsequent sections.

The rationale and conceptual underpinnings for engaging civil society have not fundamentally changed in the past three years. Nor have the starting conditions altered radically. If anything, the gaps between the rich and poor are even wider in some countries and events in the intervening period only reinforce the need for engaging civil society as a force for empowering the poor and enhancing accountability. For clarity sake, the underlying rationale and concepts for engaging civil society are reintroduced.

The strategy paper consists of the following sections:

- The Starting Conditions: Poverty and Inequality in the Region
- Reasons for Engaging Civil Society
- Building on Past Accomplishments
- Response to New Challenges

The Starting Conditions: Poverty and Inequality in the Region

Poverty and inequality remain the overarching concerns in Latin America and the Caribbean, with this region one with the greatest inequality in the world. With about 36 percent of the region's population below the poverty line, poverty remains high, ranging from 17 percent in Chile to about 76 percent in Haiti.¹ Latin America is highly unequal with respect to incomes

and exhibits unequal access to education, health, water and electricity, as well as huge disparities in voice, assets, and opportunities for the poor. Inequality in the region's least unequal country –Uruguay– is greater than that in the most unequal country in Eastern Europe and the industrialized countries. Only some countries in Africa and successor states of the former Soviet Union have inequalities comparable to those in Latin America.² Pervasive inequality slows the pace of poverty reduction and undermines the development process itself.

Box 1: Latin America Suffers from Extreme Inequality –on Many Dimensions

According to household surveys, the richest 10 percent of individuals receive between 40 and 47 percent of total income in most Latin American societies, while the poorest 20 percent receive only 2 to 4 percent. As measured by the Gini Coefficient, Brazil, Guatemala, Colombia, Chile, Mexico, Argentina and Jamaica all have coefficients above 50, as compared to the best in the region, Uruguay, with 44, the USA with 41 and Italy with 36. Access to education is also unequal. The average number of years of education between the top and bottom quintiles differs by as much as nine years in the case of Bolivia, eight years in Mexico, and is no less than five overall. A further divide that cuts across societies in Latin America and the Caribbean is that of race and ethnicity. In Brazil, Guatemala, Guyana and Bolivia, wages of non-white males are less than 50 percent of the wages of white males. Standard surveys do not provide comparable material on inequalities of power or influence within societies but a wealth of political, historical and sociological information attests to both their salience and association with wealth.

Source: De Ferranti, David et al. 2003. *Inequality in Latin America and the Caribbean: Breaking with History?*. Washington, DC: The World Bank.

Inequality and poverty have deep roots in Latin America and the Caribbean. Part of this is explained by the pattern of unequal distribution of resources set under European colonization in the 17th and 18th century.



Most countries post-independence have not been able to reverse this. Moreover, many were slow in adopting universal education in the 20th century as one of the most powerful and effective ways of providing opportunity to redress inequality. Democratization of the political sphere during the 20th century was also late to mature in many countries, with democratically elected governments interrupted with periods of authoritarian rule in the region until the 1980s. Corruption continues to undermine the moral authority of local leaders and the effectiveness of policies to address inequality. The rich and powerful continue to command and control the distribution of resources. Political institutions tend to be weak and, while democracy is now widespread, patterns of influence remain highly unequal and the traditions of clientelism and patronage flourish despite efforts to reverse the situation.

Box 2: Perceptions of Corruption in Latin America and the Caribbean

The most widely available index of the perception of corruption, now covering some 133 countries, is that produced by Transparency International. Comparing the level of that index in 2001 with the most recent one for 2003, for the 18 countries in Latin America covered in both years, the overall perception of corruption in the Region has worsened somewhat in the two year period, from an average of 3.7 (on a scale of 10, with 10 being the least corruption) to 3.6. Chile, with a rating of 7.4 in 2003, retains the lead as the least corrupt country in the region. The rating for Chile puts it at the 20th in the world, only a notch below that of the USA and Ireland, and better than that of Japan, France, Spain, Portugal and Italy. On the other hand, Bolivia, with a rating of 2.3, continues to have the worst perception among the countries surveyed in both years. For the first time, Paraguay and Haiti were included in 2003: these two countries had the worst rating of all Latin American countries included in the survey, with a rating at 1.6 and 1.5, respectively. Worldwide, only Nigeria and Bangladesh have worse ratings. During the two year interval, there was a worsening of the public perception of corruption in Argentina, Trinidad and Tobago, Costa Rica, Peru, Panama, Guatemala, and Venezuela. Perceptions in Mexico, Brazil, Chile, Colombia, El Salvador, Honduras, and Ecuador largely remained the same. Only in Uruguay, Bolivia and the Dominican Republic was there a marked improvement in perceptions.

A companion survey, covering eight countries in Latin American, released in 2003 by Transparency International, indicates that the general populations in these countries are most concerned about the negative impact of corruption on political life. Among seven of the eight countries eliminating corruption from political parties was the first choice for eliminating corruption if that were possible. The exception was the police in the case of Mexico. Following eliminating corruption in political parties, other areas cited as priority –but far from the top– were customs, tax revenue, the courts, education and health services, depending on the country.

Source: Transparency International. 2003. *Global Corruption Barometer 2003*. Berlin: Transparency International; and Transparency International. 2003. *Corruption Perceptions Index 2001 and 2003*. Berlin: Transparency International.

Experience on the macro-economic front, as dramatized by the crisis in Argentina in 2001-2002, has added to the difficulties of reducing poverty and redressing inequality in the region. Overall the region barely grew in 2001 and shrank by close to one percent in 2002. Poverty reduction all but stopped, with only Mexico and Chile suffering the least.³ Nor can the region look to others for stimulus. In the first few years of this new millennium, the global context has not been encouraging: heightened regional and global tensions, terrorism, and wars in Iraq and Afghanistan. Global export volumes have fallen; investment in developing countries is lower; and energy prices have increased. Moreover, global negotiations to reduce trade barriers and give developing countries a level playing field in international trade, especially of agricultural commodities, have made little progress. Nevertheless, the outlook is improving. Growth projections for the next year are much more encouraging. The region is predicted to grow as a whole at around 3.7 percent in 2004 and 3.8 percent in 2005 and the region's largest economies continue to grow (Mexico), or have surpassed the worst of their crises (Argentina) or potential for crises (Brazil).⁴ Increased economic growth in OECD countries, led by the USA, should boost the export-led recovery of Latin America (World Bank 2004).⁵

In the midst of this uncertain context, Latin America and the Caribbean are moving beyond the tenants of the Washington Consensus, searching for pro-poor policy solutions that create jobs, increase incomes and improve services and overall quality of life for their citizens. But reforms to create new opportunities and to redistribute resources among competing demands are undoubtedly more difficult when an economy is not growing robustly, or worse, shrinking. The lack of widespread growth only adds to the strains within societies as resources are scarce and public policy choices have to ration among priorities.

Alejandra Lipszyc



Such tensions have affected the faith that people in Latin America have in democratic systems to solve their problems: a survey by LatinoBarometro in 2002 showed that the majority in Latin America, 60 percent, was not satisfied with the way democracy works in their countries. Only in Chile and Paraguay did the majority indicate their satisfaction.⁶ Satisfaction was very low in the three largest countries, Mexico, Argentina, and Brazil, as well as Costa Rica and Peru. It should be noted that the same survey by LatinoBarometro showed that the majority continued to support democracy as the preferred kind of government over authoritarian governments.⁷ These findings are confirmed by UNDP's report on *Democracy in Latin America – Towards a Citizens' Democracy* warning that Latin American democracies are suffering from a severe crisis of confidence after 25 years of progress towards elected government.⁸

Box 3:
Democracy in Latin America and the Caribbean – Crisis of Confidence

The recently published UNDP report on Democracy in Latin America analyzes the state of democracy in the region based on opinion polls carried out among Latin American citizens and political leaders. This analysis includes governance instabilities, data on economic growth, income distribution, poverty and the electoral democracy index (EDI), a measurement that combines three variables: the right to vote, fair elections, and elections as means of access to public office. This analysis shows that so far democracy in Latin America is perceived as a mixed blessing:

On the positive side, the authors mention that the EDI ranging from zero to one (zero indicating complete absence of elected democracy and one the maximum) for Latin America rose from 0.28 in 1977 to 0.93 in 2002. In addition, according to the report, the representation of women increased which is reflected in 15.5 percent female congress members as opposed to 8 percent of congresswomen in 1980. Furthermore, the report emphasizes progress in the area of human rights as well as improved social indicators.

On the negative side, the dissatisfaction of Latin Americans with democracy is striking. According to opinion surveys conducted in 18 countries, only 43 percent of Latin American citizens are fully convinced of the value of democracy while 30.5 percent feel ambivalent and 26.5 percent hold negative views towards democracy. 54.7 percent say that they would prefer an “authoritarian” regime over a democratic one if it were to ease their economic problems. The perception of Latin American citizens is complemented by 59 percent of political leaders interviewed for the report who confirm that political parties are failing to fulfill their role. Furthermore, the authors point out that since 2000, four elected presidents in the 18 countries included in the study were forced from office before finishing their terms.

These mixed results are expressed in the report’s subtitle ‘Towards a Citizen Democracy’ that reflects the authors’ underlying thesis that the region’s democratically elected governments have not yet satisfied the political, economic and social expectations Latin Americans have for democracy.

Source: UNDP. 2004. *Democracy in Latin America: Towards a Citizens’ Democracy*. New York: UNDP.

The Importance of Engaging Civil Society

Empowerment of the poor and accountability of local institutions form a critical platform in Latin America and the Caribbean. The importance of these aspects of poverty reduction is even more evident now than before. The World Development Report (WDR) 2000/2001 highlighted the role of empowering the poor and making institutions accountable to them as one of the three pillars of a poverty reduction strategy. The WDR 2000/2001 sets out three components for promoting empowerment: (i) ensuring that institutions are responsive and accountable to users, especially the poor and excluded; (ii) building the capacity of the poor and excluded to voice their own opinions in the formulation of public policy; and (iii) removing obstacles that prevent the poor and excluded from accessing public services and institutions.⁹ The fact that the poor have something worthwhile to say and deserve to be heard was eloquently exhibited in the *Voices of the Poor*, a global sampling of the views of the poor carried out by the World Bank in 2000.¹⁰

This message has been expanded and elaborated in the World Development Report 2004, “Making Services Work for the Poor.”¹¹ Even though the latest WDR focused specifically on health and education services, its lessons can be widely applied. It argues that services can be improved by putting poor people at the centre, by enabling the poor to monitor and discipline service providers, by amplifying their voice in policy making and by strengthening the incentives for providers to service the poor. It foresees a more direct role for ordinary people



Curt Camenack

and their associations in demanding accountability across a diverse set of jurisdictions. It also sees the politicians and policy makers responding to more exacting standards of social justice. The report advocates short-cutting the long route to accountability on the part of politicians and policy makers by developing “client” voice. When populations are heterogeneous, it matters who the politicians and policy makers hear and respond to and, since the poor usually have little influence, measures are needed to increase their collective voice by forming inclusive coalitions. But voice is only one part of instilling greater accountability. Information is another. There is a need for civil society organizations to generate information using local knowledge, transmit that information, and mobilize citizens. A range of measures can be used through which citizens express preferences and influence policies: besides information disclosure and transparency, social accountability mechanisms can be used to increase transparency of public actions.

The concept of social accountability used here refers to a broad range of mechanisms and tools that are demand driven and operate from the bottom-up. These are also referred to as ‘external’ mechanisms of accountability, in contrast to ‘horizontal’ accountability mechanisms that operate within the state itself, such as the ombudsman, independent electoral institutes, corruption control agencies, legislative investigation commissions, etc. External accountability mechanisms include vertical accountability mechanisms that require public officials to appeal downwards to get the approval of the people for their actions, mainly through elections, and social accountability mechanisms. These include, for example, citizen participation in public policy making, participatory budgeting, public expenditure tracking, service delivery surveys, report cards, publication of fair prices and benchmarking.

A recent World Bank informal discussion paper, entitled “Social Accountability: A Concept Note Based on Emerging Practice” by the



Participation and Civic Engagement Group, identifies the main arguments underlying the importance of social accountability: governance, increased development effectiveness, and empowerment.¹²

- **Governance:** In most countries in the region, citizens express growing disillusionment with their governments, complaining about lack of responsiveness and accountability on the part of public officials. The relationship between citizens and their governments is increasingly characterized by a lack of legitimacy or a governance crisis. The effectiveness of both vertical and horizontal accountability mechanisms has proved limited. In this context, social accountability mechanisms allow citizens to access, use and analyze public information, voice their needs and opinions, and demand accountability beyond elections.
- **Increasing development effectiveness:** Better informed policy design and improved public service delivery lead to more effective, efficient and better targeted development programs.

- **Empowerment:** By providing critical information on rights and entitlements, and soliciting systematic feedback from poor people, social accountability mechanisms provide a means to increase and aggregate the voice of disadvantaged and vulnerable groups.
- **Accountability contains three important principles:** accountability for performance, answerability to citizens and enforceability of sanctions.

Box 4 : Some Definitions of Accountability

Accountability is holding public officials, private employers, or service providers responsible for performance of their actions measured as objectively as possible.

Answerability is the right of citizens to receive relevant information and explanations of actions.

Enforceability is the right to impose sanctions if the information or rationale is deemed inappropriate.

Sources: WDR 2004: *Making Services Work*; Paul, Samuel 1992: *Accountability in Public Services: Exit, Voice and Control*.

Investigations by the Latin America and the Caribbean Region's (LCR) Chief Economist's Office on income distribution in Latin America have added to the argument for an intensified engagement with civil society in order to empower the poor and excluded. The Region's 2003 Flagship Report, entitled: *Inequality in Latin America and the Caribbean: Breaking with History?*, drives home the need to: (1) build more open political, economic and social institutions that allow the poor and disenfranchised groups within society, such as women, Afro-descendants and indigenous peoples, to share voice and power; and (2) ensure that the public policies seek greater equity in both spending and taxation among segments of society and specific program beneficiaries.¹³ Without greater equality, the evidence is compelling that overall progress in reducing poverty will be even more difficult to achieve.

Box 5: Reasons for Engaging Civil Society

The Latin America and Caribbean Region of the World Bank believes that working with civil society is important for at least six reasons. First, the region offers a democratic context in which civil society can provide important partners in addressing persisting challenges. Second, the development paradigm recognizes that no one actor alone can reduce poverty and that a concerted approach by a variety of partners including civil society organizations is needed. Third, increasing evidence proves that engaging civil society organizations makes good business sense. Evidence from cross-country studies suggests that, at the macro-level, civic participation and trust can promote sustainable economic development, efficient judicial systems, and good governance and effective public expenditures (Knack and Keefer 1997, Collier and Gunning 1997, La Porta 1997, and Isham 1997). At the micro-level, there is ample evidence, including evaluations by the Operations Evaluation Department (OED), that participation of civil society in Bank financed projects increases development effectiveness and helps ensure investments are sustainable as well as leveraging additional resources. There is considerable specific experience supporting this in the region. Fourth, the challenges facing the region, including weak public institutions and corruption, suggest that there is a need to increase civic participation in and the public scrutiny of public sector activities in order to achieve effective, responsive and accountable public action. Fifth, the World Bank is increasingly positioned as a facilitator of global knowledge and dialogue on development issues, and civil society organizations can be an important source of knowledge. Finally, the World Bank itself can become a more effective development institution if it has open and constructive exchanges with diverse actors, including those with whom it does not always agree. Informed dialogue on all sides is the best option.

It should also be noted that there are risks and costs to engaging civil society. Like all groups, civil society organizations can suffer from lack of capacity, legitimacy and accountability to those that they claim to represent as well as fragmentation of the sector as a whole. Within Latin America, it is not unusual to find civil society organizations that are captured by specific interests, including political ones. They may be more concerned with bringing down governments rather than proposing policy alternatives. It is also true that engaging civil society organizations can be a costly process, either because it lengthens and broadens the time required to prepare a product, or, because it opens the product to scrutiny and invites opponents to voice views. These risks and costs make the operational participation of specialists, skilled in working with civil society, even more key.



Jonathan French

Civil society organizations play a unique and important role in magnifying the voices of the poor to insure that they are heard. Civil society organizations that represent the poor and marginalized groups have power to transform disenfranchised peoples into participatory stakeholders who actively work to promote development and reduce poverty in their communities. Consultations promote inclusiveness in policy formulation, and can strengthen local support for development initiatives and reforms. Consensus building through dialogue promotes cohesion, strengthening peace and security. Civil society also plays an important role in articulating society demands for good governance that in turn promotes accountability and reduces corruption. Civil society organizations can work in concert with the political process –they do not need to compete. Together these actors can ensure that there is tolerance and opportunity for open debate, that there is inclusion of those who are discriminated against or ignored, and that the legal framework protects individual rights and property.

Building on Past Accomplishments

The active engagement of civil society in Latin America and the Caribbean is a reflection of a broader trend. Over the past 30 years, the level of cooperation between the World Bank and civil society has steadily increased: by the end of the 1990s, 70 percent of Bank-financed development projects indicated that civil society participation would be sought, as compared to only 20 percent in the early 1990s. This trend is the direct result of the growing importance of civil society organizations as catalysts for the increased inclusion, cohesion and accountability in societies around the world. Today, the Latin America and Caribbean Region of the World Bank has an important portfolio of community-driven development projects and projects in support of indigenous peoples and women. While the majority of civil society engagement occurs around projects in the rural, environmental, health, education and social protection projects, many Bank-financed projects in judicial reform and infrastructure reach out to civil society organizations. As compared to the confidentiality that surrounded country programs in the 1980s, it is now common place to consult with civil society in the preparation of country assistance strategies and to have them made public. Increasingly, as shown in the examples presented below, consultation occurs during the preparation and implementation of public sector reform and policy based adjustment programs.

There is a constructive, albeit often critical, relationship between the Bank and an array of civil society organizations in the region. Initially some governments in the region, as elsewhere in the world, were cautious in joining the dialogue but these relationships are, in fact, increasingly trilateral. The private sector and the political sphere, although less actively engaged at present, have the potential to become powerful partners. And, while these partners may not always agree, the relationship is founded on a mutual respect earned over the years by the willingness of all parties

to sit across the table from each other, to engage in debate and to share information. But principally this alliance has been forged by finding common ground for poverty reduction and by searching for effective ways to improve the livelihood and opportunities for the poor and marginalized communities. The growing effectiveness of these efforts brings all sectors together.

The relationship has grown and changed over the years. In the 1980s and 1990s, it was bifurcated. At one level, locally based civil society organizations, government counterparts and the World Bank engaged on the design and implementation of individual development projects. This started with a small number of projects, specifically those with significant potential social and/or environmental consequences, as dictated by prevailing Bank safeguard policies. While not 100 percent, there now exists a level of confidence in the benefits of consultation that has resulted in the mainstreaming of participatory processes in the vast majority of development projects supported by the World Bank. Now, projects that would benefit from participation generally endeavour to do so. At the other end of the spectrum, the engagement at the global or regional level by the World Bank was mainly with northern-based non-governmental organizations, consisting of the high level debates on participation, information disclosure, and structural adjustment, to name a few topics. Although governments and the private sector were not included in these debates with civil society, their concerns were addressed in separate venues.

In the past few years, these two ends of engagement by the Bank with civil society are being bridged and broadened. There is now dialogue on overall country strategies and increasingly on policy reforms. This is a result of a dual process: the natural evolution and enhanced capacity of governments and civil society organizations to be able to contribute to policy formulation and development strategies at a country level and the

deliberate increase, on the part of the World Bank, of the opportunities for consultation, especially in the country strategy process and around significant loans, both investment and policy-based. There is now more demand for participation across the full range of sectors and Bank-financed development projects than ever before.

These changes are evident in the Latin America and Caribbean Region of the World Bank. The FY02-04 strategy established five main priorities: (1) strengthening and promoting social accountability mechanisms in Bank-financed projects; (2) strengthening the capacity of civil society organizations to contribute to the formulation and implementation of public policies that seek to reduce poverty; (3) removing obstacles to and mobilizing resources for the empowerment of the poor; (4) strengthening strategic partnerships among actors who seek to reduce poverty; and (5) finding new opportunities and generating understanding and support within the World Bank for the participation of civil society organizations in the fight against poverty.¹⁴ These priorities for action were identified following a process of internal reflection and consultation. They reflected the state of play in dealing with civil society within the Bank as well as the convergence of thinking on poverty reduction and the role of civil society as laid out in the WDR 2000/2001.

An examination of what has been accomplished under the first Civil Society Strategy in FY02-FY04 reveals the following:

- **Strengthening and promoting social accountability mechanisms in Bank-financed projects**

The past three years were important ones for the promotion of new social accountability mechanisms within the Bank's lending portfolio. This was a new area for the Civil Society (CS) team and it worked hard to draw on international best practice and diverse experiences

in countries such as India, the Philippines, Malawi, and South Africa. The most common mechanisms in place around the world aim to: (i) evaluate quality of public services, (ii) define policy priorities, (iii) analyze budget information, and (iv) oversee the use of public resources. Based on this global knowledge, the CS team aided the integration of social accountability mechanisms into programmatic and adjustment loans, investment loans, decentralized poverty reduction funds, and anti-corruption programs. A notable development was the receipt of regional trust funds of US\$500,000 to support social accountability initiatives.

Box 6: Examples of Social Accountability

Increased opportunity has been given to citizens to monitor and evaluate public services around the world. In Peru, users of public services – especially the poor – evaluate the quality of services provided by the government through the use of citizen report cards. From the government side, citizen charters in Argentina – implemented since 2000 – are new ways to make public officials commit to the achievement of a set of goals.

More and more citizens' voices are heard when defining policy priorities and budget allocations. In Brazil, more than 120 municipalities involve their citizens through participatory budgeting processes and the Federal Government established a new national council for economic and social development with the participation of almost 90 representatives from civil society to provide advice to the President on key policy reforms. With the enactment of new laws in 2003, Peruvians are now participating in the definition of budget at the local, regional and national levels. In Mexico, citizens participate in various councils at the local level to provide input on health and education services, as well as, in making decisions on investment operations. Finally, in accordance with the popular participation law, Bolivia's 314 municipalities are required to include their citizens when defining annual priorities and development plans. These experiences are also reflected in the rich experience of participatory budgets in the *Alcaldia del Municipio Autonomo del Caroni, Estado de Bolivar, Venezuela*.

Blanche Arévalo



Increased access to financial information allows for the independent analysis of national and sub-national budgets. In Peru, the *Consulta Amigable* –an internet-based mechanism that shares in a user-friendly way the information contained in the integrated system of financial information (SIAF)– provides the necessary information for civil society organizations that analyze the national budget and its implications for poverty reduction. Independent budget analysis exercises are also conducted regularly in Mexico and Argentina.

Perhaps the most advanced of these initiatives is in Peru. The series of Social Sector Reform Loans –PRSL I, II III and IV– support initiatives to provide oversight by citizens at the central and local levels, information systems that provide local governments and citizens with real time budget expenditure data, mechanisms to ensure that public funds are not used for

political gains during elections, and a way to incorporate citizen feedback into evaluation of service delivery. Citizen report cards are being institutionalized in the National Household Survey, providing users-satisfaction feedback in health and food programs, the results of which are analyzed by civil society organizations and publicized in the national press. In Nicaragua, a technical assistance loan to support the implementation of the Poverty Reduction Credit has leveraged significant bilateral funds to explicitly implement social accountability mechanisms, communication strategies and participatory processes in the areas of the PRS.

Other examples include: An Institutional Development Facility Grant for countries in the Southern Cone to help the respective governments develop social accountability mechanisms in public social programs, known as *Monitores Sociales*; Participatory Monitoring Mechanisms in Brazil's new Employment Generation program, *Primeiro Emprego*; Access to public information on results and expenditures in 8 out of 29 municipalities in Colombia; a Community Monitoring System of Ecuador's mining sector, as the follow-up to the now completed Bank-financed Mining Project; and a pilot program of User Report Cards, to evaluate the quality of social services, education and health, under the Poverty Reduction Credit in Honduras. Venezuela also included citizen oversight in a large urban upgrading program, CAMEBA.

- **Strengthening the capacity of civil society organizations to contribute to the formulation and implementation of public policies that seek to reduce poverty**

The second key goal of the FY02-FY04 strategy was to contribute to the development of a robust and active civil society, able to cooperate in the formulation of public policies, especially those that directly impact on poverty reduction. This not only entails the need for paths and meeting grounds for civil society, stakeholders and policy makers at the national level but the development of specific skills and knowledge. The World Bank's policy dialogue has been used as the main vehicle for strengthening the capacity of civil society to influence public policies. This has served a dual purpose: on the one hand, the Bank benefits from the knowledge and insights of a wide array of civil society organizations, opinion leaders and local experts, thereby enhancing the quality of the Bank's policy advice to its client governments, and on the other hand, those participating in the dialogue gain access to global and regional knowledge and can help shape the advice being provided. Through dialogue, debate and information sharing, all parties learn how to strive for consensus and gain acceptance. Good learning grounds have been the frequent consultations with civil society on the Bank's country assistance strategies (for example, in Nicaragua in FY02 and in Argentina, Mexico, Paraguay, Honduras and Brazil in FY04), individual development projects, analytical studies and country portfolio reviews. In retrospect, the level of capacity of civil society organizations to contribute has been lower than expected, explained by the complex agendas of these organizations and the lack of a tradition of inclusive governance in the region, reinforcing the continuing importance of capacity building.

Box 7: Examples of Capacity Building

There are diverse examples of capacity building in the region. The first set deals with using the debate around the Bank's policy advice. The preparation of short, concise policy notes is being used increasingly as a vehicle for sharing with civil society the Bank's views. Usually these are prepared for use in the consultative process around country assistance strategies and the transition from one administration to another. This was done this year for Venezuela and Ecuador. These policy notes have the added advantage of being learning tools for civil society organizations as they encourage these organizations to formulate their own appreciation of the issues.

During the past three years, the Civil Society Team has led a regional initiative to enhance the capacity of civil society actors and government officials for the design and implementation of participatory monitoring and evaluation mechanisms around Poverty Reduction Strategies. This included the organization of regional workshops with officials, civil society organizations and donors, the establishment of a network of trainers in Nicaragua, Honduras, and Bolivia, the training of more than 800 community actors and the exchange of experience with other developing countries including Ghana and India. In addition, pilot experiences are now under implementation with support of the Norwegian and Dutch governments. This initiative was implemented in coordination with OED, WBI, and the Poverty and Social Development regional and central departments of the Bank.

In the case of Nicaragua and Honduras, the Bank sponsored seminars and assisted civil society organizations in acquiring the expertise to conduct independent evaluations of public sector expenditures and strengthening the institutionalization of participatory dialogues at the local level. Equally, in Nicaragua, Honduras and Bolivia, the Bank supported the formation and capacity building of networks of NGOs for the monitoring of poverty reduction programs, via seminars and courses coordinated with the World Bank Institute. These exercises were key in raising the capacity of civil society to engage in the Poverty Reduction Strategy process. In Mexico, the Bank facilitated the exchange of ideas across civil society by sharing best practices among rural organizations and technically based ones.

The Bank sponsored consultations with civil society in Central America on the Central America Free Trade Agreement (CAFTA), even though the Bank per se is not a direct party to these negotiations. These consultations culminated in the elaboration of a working paper prepared by the participating civil society organizations for presentation at a sub-regional conference in January 2004 with trade ministers, private sector, and civil society organizations from all five countries.

In addition, the Bank has sponsored training activities especially directed to civil society organizations. Two seminars on capacity building were held in Chile and Paraguay; there were more than 14 workshops in Colombia; and in Mexico, rural communities in the southern states were provided with a tool kit to help their participation in the planning of the Marginal Areas project.

Training transcends individual countries. An on-line resource guide was prepared and is maintained by the Civil Society Team, to share information on where and how civil society organizations can tap into international resources for capacity building. A regional network of over 800 community members were trained in participatory techniques and consultation mechanisms in the planning and oversight of national development strategies associated with poverty reduction.

Learning is two ways. The Region's Thematic Fora are the venue for serious policy debate with civil society around the challenges facing the region. They are also the opportunity for Bank staff to meet diverse actors from different sectors, exchange concrete examples and learn from feedback. The first forum, held in Mexico in 2001, had 54 participants from civil society organizations, 7 from governments, and 8 from the private sector along with 24 Bank staff. This forum focused on access to basic services, markets, and governance. It was followed in FY02 by the regional forum on governance. This time, there were 50 CSOs, 11 governments, 7 private sector and 30 Bank staff, analyzing case studies on market regulation, judicial and administrative reform, conflict resolution and anti-corruption. The forum in FY03 focused on regional integration, examining issues of human capital, technology, innovation, infrastructure, labor standards, strategic alliances and social equity. It had 49 participants from CSOs, 15 from governments, 28 from the private sector and 31 Bank staff, including the regional senior management team.

• Removing obstacles to and mobilizing resources for the empowerment of the poor

One of the main ways that the Region can pave the way for empowerment of the poor is to make a compelling case through analysis. Such analysis encompasses economic and sector studies that establish the overall rationale for empowerment and enhance knowledge about the conditions facing the poor. The Bank's continuing series of Poverty Assessments is the central vehicle for focusing attention on the plight of the poor. During FY02-FY04, eleven Poverty Assessments were carried out. Public Expenditure Analysis is often another way to identify groups that are particularly vulnerable and excluded as well as stressing the beneficiary incidence of particular programs. The Region carried out six such analyses in FY02-FY04. A second way is to identify those groups that are particularly excluded, most notably indigenous groups, women, and the poor in isolated areas, and to develop analytical work aimed at helping policy makers provide them with new opportunities. There were numerous examples of this being done. A third way is to assist in the creation of supportive environments at the national level and secure funding for listening to the voices of the poor and excluded via the institutionalization of participatory mechanisms and equity considerations in public policy choice.



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**Box 8: Examples of Removing Obstacles
and Mobilizing Resources for the Empowerment of the Poor**

The plight of displaced people was a specific piece of analysis that drew the attention of policy makers in Colombia and was used to influence the design of the Peace and Development project. In Ecuador, excluded populations such as indigenous and afro-populations were invited to provide input into the Bank's portfolio review, and were able to highlight the obstacles as well as the opportunities for them to access Bank-funded programs. In Brazil, dialogue between Amazonian populations, local governments and policy makers has attempted to facilitate a common agenda and remove obstacles that prevent those populations from influencing the policy agenda.

There are other loans at various stages of implementation to support indigenous peoples in Ecuador, Bolivia and Argentina.

Efforts have also been directed at the institutionalization of participation: in the case of Honduras, the Law of the Poverty Reduction Fund created a Consultative Committee with participation of both the Government and civil society to devise and propose highly consultative mechanisms to support the implementation of the Poverty Reduction Program at the regional and national levels.

In addition to analytical work and dedicated project financing, the Bank has channelled funds to excluded groups under its Small Grants Program, totalling US\$ 1,208,000 during FY02-04. In several countries, this effort was coordinated with the Development Market Place to provide additional financial resources and opportunities for these groups. In Peru, the Small Grants Program and the Development Marketplace worked together to support poor, youth groups. Since the visit to Peru by President Wolfensohn in 2002, this initiative has been scaled up and replicated in other countries, known as *Voces Nuevas*.

- **Strengthening strategic partnerships among actors who seek to reduce poverty**

Collaboration with other actors was high during the past three years. Partly driven by the crises in countries such as Argentina, and partly

by the convergence of thinking on poverty reduction, as expounded in the WDR 2000/2001, more and more actors in member countries and the international community see the benefits in working together. International trust funds, notably from the British, Dutch, Norwegian and German aid agencies, supported various consultations, seminars and regional fora, and demonstrate the solidarity of the international community on advancing this agenda. The World Bank sought to engage multi-lateral organizations such as the IDB and the UNDP as partners on-the-ground, especially in post-crisis Argentina. Typically, the Bank has been able to play the role of convenor and facilitator.

Box 9: Examples of Strategic Partnerships

A highlight of the accomplishments in this area has been the facilitation of large scale dialogues at the national and local level around national development strategies, such as PRSPs in Honduras, Nicaragua, and Bolivia, as well as similar dialogues in the case of Ecuador, Guatemala, Paraguay and Peru. In Argentina, the World Bank fostered close ties with privately funded foundations, international donors and established civil society organizations in order to address the social emergency. In Colombia, the partnership between a large private foundation, *Fundacion Corona*, and six regional universities working on issues of poverty, was strengthened under Bank auspices. In Nicaragua, policy dialogue sponsored by the Bank led to the formation of the "Cartagena Group", an informal forum for policy dialogue on poverty reduction. This forum brings together representatives from government, civil society and the international donor community. Specifically in Nicaragua, a Parliamentary Commission was set up to monitor the Poverty Reduction Program. In Venezuela, the Bank prepared 35 policy notes as the basis for discussion of the future policy platform. Strategic partnerships with major universities and think-tanks served to promote policy dialogue and consensus building amid a climate of polarization. These partnerships led to the creation of a distance learning centre and the promotion of the World Bank as a facilitator of global knowledge among development actors. In Ecuador, a partnership on the National Poverty Strategy involved the World Bank leading the Donors Round Table. In Argentina, the World Bank worked with partner organizations, UNDP and IDB, to promote a social auditing mechanism around emergency relief funds, known as the *Monitor Social*.



- **Finding new opportunities and generating understanding and support within the World Bank for participation of civil society in the fight against poverty**

The last three years has seen growing support within the World Bank for the agenda of empowerment of the poor and engagement of civil society, with mainstreaming of engagement in both lending and non-lending services becoming a reality across a range of sectors and countries. The Region's Civil Society (CS) team works across all sector groups –poverty reduction and public sector management, infrastructure and private sector development, human development and sustainable development. Indeed, the level of demand for support by CS specialists (CSS) by task teams is, perhaps, the CS team's biggest challenge. Typically, these specialists are asked to provide knowledge about civil society organizations active in a sector, analysis of the opportunities for engagement and the risks related to the project, ex ante analysis of the impact of the project on specific groups, participatory methodologies to engage civil society actors throughout the project cycle, including in the creation of a conducive environment for reform, and monitoring and evaluation mechanisms to ensure that projects and programs are delivered effectively and transparently. One of the key roles of the CS team is to sponsor sharing of experiences and learning within the Bank.

Box 10: Examples of Generating Opportunities and Understanding within the World Bank

Civil society participation has been a key feature of a number of investment and policy-based operations and analytical work in all of the Country Management Units and Sector Management Units. This involvement includes, among others, the Peru Rural Roads Project and the Programmatic Social Reform Loans, the Mexico Lifelong Learning Adaptable Program Loan, the Ecuador Institutional Reform Project, the Argentina Solid Waste Management Project, the Bolivia Social Sector Programmatic Credit, Colombia Peace and Development Project, and the Venezuela Pro-Poor Governance Policy Note.

The Civil Society team continues its practice of sponsoring the *Thinking Out Loud* series of best practices and case studies on how to work with civil society organizations. The Team's web site is one of the most visited in the Region. In addition, six papers, produced for the series, *En Breve*, showcased innovative mechanisms to instill public sector accountability around Bank-funded development projects. Together with the Public Sector Group, the Civil Society team commissioned a working paper on Social Accountability¹⁵ and operational issues. Regional events have shared a number of innovative case studies from around the world and the region, to show how this can be done effectively. These papers documenting best practice and drawing lessons from on the ground experience are available on www.worldbank.org/lacccs. Many of the lessons can be summarized under the following general tips: work in partnership with governments and encourage "dialogue"; give adequate warning of consultations to participants, clarify objectives and expected outputs up-front, play with clear ground rules, provide materials in advance that are relevant and in a local language, plan venues that are suitable and go beyond the capital city, use a good, neutral facilitator, where possible go beyond dialogue to actions, talk to the poor too, and follow up to any consultation is key.

The recent design and implementation of the Civic Engagement Tracking Tool provides the World Bank with a new tool for monitoring the amount and quality of civic engagement in its products while affording task teams the opportunity to get upstream information on the relevant civil society actors that might contribute to Bank activities.

Responding to New Challenges

Empowerment of the poor and accountability of local institutions continues to be a key part of the Region's poverty reduction agenda. First and foremost, this strategy signals the commitment of the World Bank to implementing the call for action first articulated in the WDR 2000/2001. The strategy recognizes that there are multiple actors and venues and serves the important purpose of communicating with those actors. Within the World Bank, it helps to identify the challenges, define priorities, coordinate actions, and establish and otherwise clarify the role of Civil Society Specialists within the array of expertise found within the Bank. It provides a framework for structuring country level actions according to the objectives laid out in this strategy. By disseminating the strategy within the region, the World Bank hopes to clarify expectations and set realistic targets of what can be done, especially among civil society organizations. The strategy is also a useful tool for communicating with client governments, suggesting their possible roles and responsibilities in this tripartite relationship. Finally, the strategy constitutes an internal management tool for the CS team and helps shape and coalesce the team's identity.

When looking ahead at what the region faces and how the Latin America and Caribbean Region of the World Bank might respond, key concerns are:

- A wavering of public trust in democratic governments. Troubled times in some countries have undermined people's confidence in democratic institutions according to popular surveys.
- A lack of a consensus on what public policies should adopt. The policies pursued under the so-called Washington Consensus during the 1990s addressed many of the failings of the state but reforms were sometimes incomplete or poorly implemented. Now,

as policy makers move beyond those policies, there is even less consensus on what to do next. There are no easy answers and significant challenges still exist in terms of building effective public institutions, social policies, and addressing equality to name a few.

- Corruption that continues despite the high level of rhetoric. It is not clear that despite recent attention and focus, the situation has fundamentally changed in Latin America.
- Tensions over global policies and trends. While anti-globalization protests may have waned in the recent past, the concerns that these protests brought to the fore have not gone away. They persist, and need to be addressed, among other things, as local interests shift to the negotiation of regional trade agreements.
- Lack of social cohesion and disintegration of social capital. Slow economic growth, low employment creation, high unemployment and increased violence across the region have affected social groups differently adding to feelings of exclusion and hopelessness on the part of the poor and expanding gaps with the rich.



These challenges point to a continuing need for engaging civil society. The Region's strategy focusing on inclusive governance aims to create space for civil society to influence and help shape public policies that address poverty and inequality and to instill greater accountability on the part of public institutions. Articulate and informed civil society organizations can play a key role in promoting inclusion and plurality, achieving consensus and bridging across groups. They can tap into existing local social capital, build on that capital and use it to achieve the desired goals. Such organizations can bring issues to light, mobilize information and opinions, act as catalysts and transmission channels in informing specific groups and the general public and help shape public opinion on policy issues. They can create and sustain pressure on politicians and policy makers to promote pro-poor policies. The present-day challenges also reinforce the preoccupation of the World Bank and others to promote collective action on the part of the excluded and to strengthen the capacity of civil society organizations as a force for good governance and accountability in the region. Government action in these areas is vital for the overall development process to advance the way it should. Fortunately, more governments in the region are adopting this agenda.

1. Priorities for FY05-FY07

The strategy sets out broadly what the Region expects to do over the coming FY05-07 period, emphasizing three priorities. These are to:

- (1) Strengthen capacities for the participation of civil society in formulating and implementing public policies.
- (2) Promote the institutionalization of mechanisms for participation and social accountability.
- (3) Deepen, within the World Bank, knowledge and support for the empowerment of the poor, social equity, participation and social accountability of both private and public institutions.

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The first priority –strengthening the capacities for participation of civil society to formulate and implement public policies– remains the cornerstone of the Region's strategy. Civil society as a whole, key stakeholders and leaders who can act as catalysts, influence and mobilize, need to have a robust capacity to debate and analyze public policies, especially those that directly affect poverty reduction, many of which have a high level of complexity. Among these groups, new emphasis will be placed on engaging political institutions and the private sector, both of which have not been actively involved in the past. One of the things that the Bank can do is to create venues where civil society can acquire knowledge, deal with other partners and debate openly. At the same time, there is a renewed appreciation for the need to manage conflicts and to "agree to disagree" when working with civil society organizations, other stakeholders and client governments. This has been coupled with increased confidence on the part of civil society organizations that dealing with the Bank can produce results: increasingly the Bank's efforts are not just seen as public relations and more organizations appreciate the

value-added by the Bank in its facilitating role, leveraging bilateral assistance and building consensus. Much of this is due to the high regard with which the local Civil Society Specialists are held in their respective countries.

The second objective –instilling social accountability mechanisms– has been broadened under the current strategy. The goal for FY05–07 is to institutionalize these mechanisms within the respective organizational settings of client governments. This is an ambitious undertaking. While previously the goal was only to implement these mechanisms for Bank-financed projects, a great deal of experimentation has taken place and new powerful tools are available. Experience in the social sectors, among others, shows that such mechanisms can function effectively to safeguard public monies and to improve delivery of services. These positive experiences can now be used to deal more comprehensively with public policy and programs, reflecting an appreciation by the CS team and others that the impact of such accountability mechanisms, now that there is a certain track record on their design and implementation under Bank-financed projects, can be scaled up. Importantly, this also reflects increased willingness on the part of governments to create space for civic participation and dialogue. This is key to improved governance.

Many governments, in fact, now welcome engagement with civil society and see this as a venue for enhancing their own legitimacy within society at large. The agenda can capture the imagination of public sector leaders even though some may see consultation with civil society as threatening or redundant to the political process. One of the notable changes in the past three years has been an increased openness on the part of governments to include civil society. While this may not be uniform, there are typically champions within government to take the lead in institutionalizing social accountability mechanisms. In addition, there is a disposition to expand the dialogue even further, with new actors such as those from the private sector, political parties and congresses.

As in the FY02-04 Strategy, there is the continuing need to strengthen the Bank's own capacity to deal with civil society and to challenge entrenched interests in client governments and other stakeholders. This constitutes the third priority for the coming years. While most staff are now aware of the benefits of consultation, some may be reluctant to incur the costs and face the risks. Others are not confident in their own ability to be effective, or knowledgeably guide the process. In some cases, there are new frontiers and experiences to be shared. Thus, there is still work to do on building internal capacities within the Bank's regional structure. Implementation will continue to rely on knowledge management, provision of expert advice and support, dissemination of best practices, seminars, fora and opportunities for expanding horizons.

The above priorities for the coming three years play to the strengths of the World Bank and its comparative advantage. The first is the convening power that the Bank has with governments, and civil society organizations and its part in this tri-lateral relationship. The second is the Bank's central advisory and analytical role on economic management, poverty reduction and public sector management. This provides a considerable platform for creating opportunities to work with civil society organizations and the private sector and to engage those organizations in meaningful exercises such as poverty assessments, public expenditure reviews and the evolution of reform agendas and public policies that are pro-poor. To do this, it is imperative that the Civil Society Specialists work hand-in-hand with task teams.

Putting this framework into practice entails a series of regional initiatives and actions at the country level to be undertaken over the FY05-07 period. These are laid out in The Annex, with the understanding that the country level actions will be selective and guided by the strategy but subject to overall country priorities and resource availability and adapted to changing country conditions over time. Actual activities will be determined by the

separate processes embodied in the country assistance strategy as well as departmental resource allocation and team assignments.¹⁶ Country Management Units, with the support of the CS team, are critical in ensuring coordination, prioritization, consistency and internalization of the strategy across the spectrum of activities.

All the Bank's products and services are vehicles to attain the strategic goals. Annex 1 provides some examples and demonstrates how these different instruments can be employed (Individual country matrixes can be found through www.worldbank.org/laccs). A central instrument is the country assistance strategy as this sets the stage for the Bank's overall program in a particular country. Almost all country assistance strategies (CASs) already entail some form of consultation: this has been an important area of consolidation over the past three years. Priority in the coming years should be given to expanding the involvement of new actors, especially political institutions and the private sector. Next to the CASs, policy based operations have emerged as high impact instruments for including civil society in the design and implementation of reforms. The recent trend to involve civil society organizations in policy based and programmatic lending, such as the series of Social Reform Loans in Peru, should be encouraged. On the side of the CS team, a specific goal is to expand the "tool kit" for such operations and to scale up. In terms of the content and nature of the reforms, the achievements so far demonstrate that there is considerable opportunity to scale up in the areas of social accountability, information access, and disclosure as part of public sector management operations. Past experience also shows that there is still considerable room to expand civil society engagement in the Bank's analytical work, regional studies, poverty assessments, and public expenditure reviews. These latter two, by their very nature, ought to be centrepieces for involving civil society and more could be done to engage civil society organizations in the design stage of this analytical work. In doing so, it is important to ensure that

dialogue is designed in a way that participants are encouraged to consider alternatives, weigh trade-offs and provide realistic and fundable solutions. A new instrument, the Poverty and Social Impact Analysis (PSIA) used in countries with explicit poverty reduction strategy programs and being mainstreamed in Bank countries, offers considerable new opportunities to involve civil society organizations in assessing the impact of particular programs and reforms on the population.



All sectors are relevant. In terms of sector focus, economic management, poverty reduction and public sector management (PREM) form a central pillar for accountability, empowerment and engagement of civil society. Already, there is considerable effort and success in the area of human development, which could be scaled up and kept abreast of new developments. In the area of infrastructure and private sector development, the demand is increasing, especially for roads, water, urban development, consumer protection and corporate governance. In the area of

environmentally and socially sustainable development, rural issues are targeted for major emphasis as part of that sector strategy and this sector offers considerable potential for putting into practice empowerment of the poor. Environmental protection typically has its own set of explicit rules and regulations for participation of affected peoples. In the case of indigenous peoples, Afro-Latinos and gender, there is specific attention to the unique characteristics of these groups and a substantial level of effort devoted to promoting their interests. Moving beyond these groups, new attention is being paid to youths and to the handicapped and disabled. One can also foresee an increasingly outward looking agenda at bridging these groups to form lasting coalitions with other parts of society and addressing discrimination systemically (legal framework, work place, education, access to public services and so on).

2. The Actors

The regional framework for engagement of civil society depends on the actions of many internal actors and external partners. Within the Bank, External Affairs staff have an important role to play in outreach and development communications and the World Bank Institute can help respond to demands from clients to learn better how to operationalize empowerment. The global Participation and Civic Engagement Group (SDV) can provide examples of best practice from across the World Bank and make available new methodological frameworks, while ensuring a constructive dialogue with civil society organizations on global issues.

The main actors are from within the Region. The overall strategy is guided by the Civil Society Steering Committee, chaired by the LCR Vice President, and comprising several Country and Sector Unit Directors, the Region's External Affairs Manager, and head-quarter based Civil Society Team Leader, and the Regional Management Team which is

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responsible for the Region's overall program. These two groups not only endorse the strategy but provide oversight and leadership in implementation and in creating a supportive environment for mainstreaming. The Country Management Units are primarily responsible for identifying entry points for consultation and engagement and the work program for each country team, including that of the locally based/decentralized Civil Society specialists. The Civil Society Team Leader along with other head-quartered Civil Society specialists constitute a network of technical support to field based Civil Society Specialists and can be engaged to participate in particular operational assignments, thus ensuring flexibility and access to the necessary technical skills. The CS Team Leader further advises regional management on emerging issues and regional implications, coordinates activities, monitors the strategy's implementation, leads actions aimed at mobilizing external resources, knowledge sharing at the regional level and building a community of practice. The Sector Management Units and the Country Management Units, within their respective domains, manage the specific country actions by which the strategy is realized: as such these units are critical for the internalization of civil society engagement both on the part of Bank staff and within the Region's products and services.

Box 11: The Principles

The following principles guide the implementation of this regional framework:

1. **Tailor strategies to local realities:** Blueprint approaches are at best inadequate: actions should be based on careful consideration of local contexts.
2. **Our role is to facilitate and let local partners lead.** For development to be sustainable, local actors need to be in the driver's seat. The role of the World Bank is to facilitate, provide information, encourage partnerships and introduce new ideas. Gaining government ownership is particularly important.
3. **Partnering with other development actors avoids duplication and creates synergies.** The region hosts a variety of development actors and can leverage significant volume of resources. To address regional challenges a coordinated and concerted use of these resources is required.
4. **Dialogues should be based on information and lead to action.** Constructive and meaningful dialogues are best achieved when they have government ownership, are focused, with realistic expectations on all sides, and are well prepared and informed. Sustained dialogues can only be achieved if participants trust that discussions will lead to action and that participants' time is wisely invested.
5. **Seek selectivity and use available resources.** Consultations can be costly both in terms of resources and reputational risk. Selecting activities where a real difference can be made as well as ensuring that task teams have sufficient budget and expertise are vital for successful initiatives.
6. **Promote learning, drawing on successes and mistakes.** Taking time to reflect on initiatives, learning from mistakes, and passing on examples of best practice is an inherent part of being a knowledge institution.

The successful implementation of the strategy also depends on the ability of Bank staff to work with and build support among a number of external partners. Client governments must ultimately commit to and own these

initiatives and provide an enabling environment for them. Partnerships may be developed at many levels of government in different agencies. Working with all branches of government is important in order to strengthen political processes and institutions that otherwise could be seen to be debilitated or replaced by civil society organizations. Partnerships with local civil society organizations, community based organizations, faith based groups, unions, cooperatives and intermediary NGOs are crucial to the implementation of this strategy. So is the inclusion of new actors from the private sector, political parties and parliamentary bodies. Notable impact can be achieved by opening dialogue with political leaders in anticipation of the electoral cycle. Associations and networks at the regional and sub-regional level, such as the Asociación Latinoamericana de Organizaciones de Promoción (ALOP), are also important to cultivate and nurture. Counterparts in civil society must be credible and effective agents in building the capacity of poor people, contributing to reforms, responsibly monitoring public action and flagging challenges where they exist. International or northern civil society organizations have a role to play in creating an enabling environment for empowerment and in supporting their local counterparts in client countries. Multilateral and bilateral agencies as well as private foundations, can provide important human and financial expertise, and the private for-profit sector, an increasingly important player in the region, has a role to play in ensuring that conditions are conducive to a sustainable investment climate.

The ability of the CS team to collaborate with colleagues in the World Bank is a key ingredient to successful implementation of the strategy. Team members are particularly critical in using and sharing their knowledge of the local culture and environment. In addition, they are instrumental in bringing to bear knowledge of international best practice and operate as the focal point for the exchange of experiences among countries and across task teams from different technical units. The strength of this team has enabled the Latin America and Caribbean Region to

jump start putting into practice the agenda for empowerment of the poor in the region. Furthermore, it has helped the Region to move from a defensive agenda –reacting to criticisms and demands– to a constructive one, taking the lead on including the voice of the poor in the design of public policy.

3. Strategic Actions for the LCR Civil Society Team

Within this regional framework and responsive to country demands, the Civil Society Team will provide leadership and support. The Team as a whole will address those areas requiring collective action, such as dissemination and capacity building, as well as cutting edge issues. It will help devise operational responses for leading cases, engage in high level regional policy exchanges, establish best practices to be shared with others, and encourage scaling up of successful activities. Specifically, the CS Team will: (i) provide strategic advice on definition of the institutional spaces for effective consultation and participation, the identification of key stakeholders and influential civil society groups, and the selection of appropriate mechanisms; (ii) undertake analytical work such as on the relationship between empowerment and governance; (iii) promote opportunities for dialogue on regional concerns, including macro-economic and structural issues; (iv) identify and contribute to capacity building opportunities for strategically important government and civil society counterparts in operationalizing empowerment; (v) develop and provide tools and operational instruments for mainstreaming by task teams, identify operational entry points and assess the effectiveness of actions; (vi) maintain the tracking system on LCR's progress in mainstreaming empowerment; and (vii) help to coordinate activities at the country level, and provide support and back stopping to other teams as needed especially for those activities that can be mainstreamed.

In practical terms, the strategy, after laying out the broad objectives, drills down to what the CS team will explicitly undertake, within the context of

individual country assistance strategies and annual work program agreements with the Country Management Units. These agreements should reflect a hierarchy of consultation and engagement operating at different levels. While the semantics, processes and formats used by countries may vary, the first level addresses the formulation of national development strategies and the analytical building blocks that underpin these strategies, entailing the broad involvement of civil society in defining a country's future direction. The second level deals with Poverty Reduction Strategies, mandated for countries that are recipients of IDA funds but widely mainstreamed among Bank borrowers. These strategies engage civil society on the analysis of the poor and disenfranchised groups, coupled with the definition of and/or changes to priorities, policies and programs that aim to reduce poverty and monitoring their implementation and impact. The third level evolves around the Country Assistance Strategy which, for all countries, lays out the consensus reached on the World Bank's role within the respective country, taking into account the actions of others, and its program of support for those relevant areas of national development strategies and poverty reduction programs. The forth level deals with the design and implementation of development policy loans as the lending instrument employed to support the structural reforms and adoption of pro-poor policies and participatory mechanisms embodied in the Poverty Reduction Strategy. Finally, there is a fifth level of consultation and engagement with civil society, particularly affected populations, on the design of individual development projects and programs that aim to reduce bottlenecks, support institutional change and/or expand services in support of the realization of the country assistance goals. The key for the successful implementation of the Region's strategy on empowerment is to work closely and systematically in each country on the definition of its national development and poverty reduction strategies, reflect those in the Bank's country assistance programs and then into analytical work and lending operations.



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Reflecting the close linkages and the need to mainstream engagement with civil society, the CS team should aim to strengthen its partnership with the Poverty and Gender Group. Commensurate with their evolving role, it is expected that Civil Society specialists will focus less on general outreach and liaison with civil society, as many did in the past at the initiation of this process in the Region, and more on operational support for activities that have been mainstreamed. Underlying this new emphasis is the presumption that those activities that have by and large been mainstreamed, such as participatory processes in specific development projects and regular consultations with affected populations and key stakeholders, will continue with their current momentum and force through the internalization of these skills and techniques within the relevant staff in the Sector Management Units. This allows the attention of the CS Team to be oriented towards increased policy dialogue on the themes of inclusive government, empowerment and accountability, core analytical exercises such as poverty assessments, poverty reduction strategy papers, comprehensive poverty and social impact analysis, the design and implementation of development policy loans that address inclusive governance, empowerment, transparency and accountability, efforts to involve disenfranchised groups, such as youth and the handicapped and disabled, and projects that support grass-roots community development. Recognizing the multi-sectoral nature of this work, Civil Society specialists will continue to possess a range of underlying technical specialties, with a firm grounding in at least one of the main sectors

relevant for the Bank's work, along with experience and skills to design and conduct participatory initiatives, social analysis, impact assessments, and social accountability work.

Box 12: Role of Civil Society Specialists

Since 1995, the Region has had NGO liaison officers in resident missions throughout Latin America and the Caribbean. Their initial responsibility was to liaise with and strengthen partnerships between the World Bank and NGOs. Increasingly the focus of this group has turned to operational activities and analytical work, most common in the social sectors, poverty related community development and infrastructure. It has further been active in promoting participation in the preparation of Country Assistance Strategies. A tri-partite dialogue between civil society organizations, governments and the World Bank has also become more common place. Now, in the context of the new Poverty Reduction Strategy papers and the more inclusive approach to major products, such as development policy loans, these staff are playing an even more central role in these key Bank products.

This shift in responsibility has to be reflected in the skill set of Civil Society specialists who are now viewed as needing to provide operational support across the country portfolio. Skills required are to support the dialogue among government, civil society organizations and the private sector around a range of products and across sectors. This includes the national poverty reduction strategies and similar mechanisms where the ability to talk to high-level government officials on the specifics of accountability and empowerment mechanisms is required. Skills also include a knowledge of international best practice in accountability and empowerment mechanisms at the community and national level, the ability to lead and contribute to the Bank's analytical work, the capacity to mediate between interests and negotiate conflict, identify key stakeholders, design and support implementation of participation strategies and mechanisms at national as well as local levels, incorporate social issues and factors into operations, economic and sector studies, and contribute to country strategies. Among other tools, this work includes the elaboration of poverty and social assessments and analyses. These specialists are to contribute to improved understanding of inclusive governance, empowerment, social capital and cohesion.. In addition, they will engage in strategic outreach and information sharing with a range of civil society representatives, including parliamentary and private sector bodies.

Final Remarks

The Region's strategy, its priorities and specific actions to promote inclusive governance in Latin America and the Caribbean as laid out in this paper reflect a process of internal consultation within the CS team, the Regional Steering Committee, Country and Regional Management Teams as well as consultations at the national level with civil society actors in some countries such as Brazil, Uruguay and Chile. As with many actions in the field of development, these planned activities are subject to changes in the broader context and may be revised or cancelled accordingly. Please refer to The Annex for an overview of the proposed actions under each of the strategy's main objectives. It is expected that Country Management Units will update the proposed actions at least annually.

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- ¹² Malena, Carmen, Reiner Forster, Janmejay Singh. “Social Accountability: An Introduction to the Concept and Emerging Practice.” *Social Development Papers*. No. 76, December 2004, P.4-6.
- ¹³ De Ferranti, et al, Summary p.2.
- ¹⁴ The World Bank. 2002. *Empowering the Poor and Promoting Accountability in LCR: A Regional Framework and Strategy for Engaging Civil Society FY02-04*. Grupo Editor Altamira: Buenos Aires.
- ¹⁵ The World Bank. 2004. “State-Society Synergy for Accountability: Lessons for the World Bank.” World Bank Working Paper No. 30. The Washington, DC: World Bank.
- ¹⁶ While each department has its own processes for establishing priorities and including individual tasks, these are done within the context of regional guidelines and procedures for work program agreements and overall resource management. Typically, actions being implemented under the Strategy will either be cross-support by the CS team to another unit, or stand-alone activities for which task leadership is vested in the CS team. The country programs in The Annex have been discussed in their draft form with the respective country management teams.

Annex



OBJECTIVE 1

Strengthen capacities for the participation of civil society in formulating and implementing public policies

OBJECTIVE 2

Promote the institutionalization of mechanisms for participation and social accountability

OBJECTIVE 3

Deepen knowledge and support within the World Bank for the empowerment of the poor, social equity, participation and social accountability of both public and private institutions

1. OPERATIONAL WORK

Consultations and dialogue processes during the preparation phase on design of various projects (region-wide)

Strengthening institutional space for participation in public policy towards youth at risk (Brazil)

Engagement of Bank team in creating a database of innovative social experiences and projects (Brazil)

Design of exit strategy to ensure continuity of involvement of municipalities and CSOs in the *Jefes de Hogar* Program (Argentina)

Strengthening of the national *Mesas de Concertación de lucha contra la pobreza*, and the regional and municipal *Mesas de Diálogo* (Perú).

Dissemination of results and lessons learned from implementation of roundtables in Brown Bag Lunches and other means (Perú)

Promote civil society participation in Bolsa Familia, Youth Flagship and Primero Empleo (Brazil)

Promotion of *Audiencias Públicas* among local governments (Colombia)

Extracting lessons of the Magdalena Media Learning and Investment Loan and its expansion to an Adaptable Program Loan (Colombia)

Strengthen capacity of civil society to participate in Land Reform Project, Institutional Reform Project, Social Sector Programmatic Credit, Indigenous Learning and Investment Loan, Education Reform (Bolivia)

Implementation of Citizens' Report Cards and enhancement of CSO capacity to apply methodology (Ecuador)

Discussion of examples of multi-sectoral alliances between small holders, agribusiness and government as an instrument to build social capital (Colombia)

Promote dialogue and enhance civil society participation through Peace and Development Loan, Productive Partnerships Project, Peasant Enterprise Zones Project, Fiscal Adjustment and Growth Loan (Colombia)

Institutionalization of local community councils to monitor participatory management of protected areas (Ecuador)

Evaluation of empowerment of communities and individuals as a result of completion of secondary education in adults in the context of Lifelong Learning Project (Mexico)

Implement mechanisms for improved accountability and transparency through Programmatic Human Development Loan, Fiscal Consolidation and Competitiveness Growth Loan, Institutional Reform Project, Rural Electrification and Telecommunications Project, Indigenous and Afro-Ecuadorian Development Project (Ecuador)

Support for observatory for custom reforms and mechanisms for improved access to public financial information on the national budget (Ecuador)

Regional tracking system to measure progress in mainstreaming and to offer support to task teams (region-wide)

Establishment of Oversight Mechanism integrated by CSOs for the monitoring of the Economic Governance Reform Credit (Haiti)

¹ Individual country matrixes can be found through www.worldbank.org/laccs



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Strengthen capacity of civil society to effectively participate in formulation and monitoring of Economic Governance Reforms (Haiti)

Support State of Guanajato in developing innovative ways to include CSOs in policy formulation and monitoring in the context of the Guanajato Country System Pilot (Mexico)

Promote the participation of CSOs in the project design of Paraguay Health Project and Loan to Strengthen Ministry of Finance (Paraguay)

Strengthen dialogue processes and promote social accountability mechanisms through Vilcanota Valley Project, Rural Roads/Infrastructure Project, Transport Decentralization Project (Peru)

Build capacity of civil society to participate in ongoing operations (Venezuela)

Support for the establishment of *Colombia Como Vamos*, a social control mechanism (Colombia)

Promote implementation of social accountability mechanisms such as citizen report cards, an evaluation committee integrated by CSOs and academia and citizen councils to participate in the management of "Plazas Comunitarias" through the Lifelong Learning Project (Mexico).

Mainstreaming of social exclusion issues in the national statistical system (Venezuela)

2. ANALYTICAL WORK

Support for Poverty Analysis, Social Analysis and Rural Strategy (Argentina, Ecuador)

Dissemination of the findings of Voices of the Poor study (Colombia)

Comparison of lessons under youth projects and new voices of youth (Ecuador, Peru, Venezuela)

Conduct and dissemination of youth-at-risk studies (Argentina, Brazil Ecuador, Paraguay)

Update of social capital study (Argentina)

Analysis of the results of Citizen Report Cards with the Ministries of Education, Health, and Water and Sanitation (Bolivia)

Exchange of lessons learned on priorities for participation of youth and other vulnerable groups (Argentina)

Preparation of an assessment for internal dissemination of the Gender SWAP (Bolivia)

Promotion of cross-sectoral work on the approach and framework for the evaluation of peace and development interventions (Colombia)

Preparation of an article on the key impact of the Voices of the Poor on people's views of poverty (Colombia)



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3. POLICY DIALOGUE

Stakeholder analysis, public consultation, and dissemination of new country assistance strategies (CAS) (Bolivia, Ecuador, Honduras, Guatemala, Nicaragua, Uruguay Venezuela) and CAS reviews (Argentina, Brazil, Perú)

Participatory strategy for CSOs, such as *Rede Nos*, committed to fighting poverty and promoting social inclusion in the North East (Brazil)

Dialogue with CSOs at the MERCOSUR level to encourage debate on the role of CSOs in regional integration (MERCOSUR members)

Promote Development Marketplace (Colombia, Argentina, Paraguay)

Continue group discussions with members of MESAGEN (Mesa de Agencia de Género) working closely with Women's Ministry (Perú).

Collaboration with the *Instituto Ethos* and other partners on the advantages of corporate social responsibility (Brazil)

Creation of space for policy debate on girls (Argentina, Chile, Paraguay and Uruguay) and youth (Brazil, Peru, Ecuador, Venezuela, Colombia)

Elaboration of National Poverty Strategy (Ecuador)

Promotion of consensus between civil society and governments on the achievement of the Millenium Development Goals (MDGs) (Brazil, Honduras, Nicaragua)

Launching of second generation of *Sistema de Vigilancia Social* (Perú)

Organization of a Country Innovation Day (Bolivia, Venezuela)

Dissemination of results of CAS consultations with task teams (various countries)

South-South dialogue, particularly with Argentina, on knowledge sharing and policy exchanges on youth, gender, etc. (Brazil, Southern Cone)

Dialogue with the Africa Region on establishing a common agenda (Brazil)

Publication of book on *Vozes Jovens* (Brazil)

Promote internal dialogue with Competitiveness team (Honduras, Nicaragua)

Assessment of development marketplace experience (Colombia)



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Support for local governments with high poverty indicators on holding consultations with CSOs on implementing poverty reduction strategies (Ecuador)

Dialogue between civil society, government and international stakeholders around implementation of the post-CAFTA agenda (Central America)

Regional thematic forum on relevant topic for development and poverty reduction in LCR (all LCR countries)

4. CAPACITY BUILDING

Support for various initiatives sponsored by WBI and GDLN (various countries)

Training of CSOs in Bank operations (Brazil)

Dissemination of studies and experiences to CSOs and new audiences (parliament and private sector) (Bolivia)

Support for the participation of CSOs in the Constituent Assembly by promoting alliances (Bolivia)

Use of Small Grants program to promote collaboration and peace building initiatives among youth groups (Bolivia)

Facilitation of inclusion programs to promote a culture of peace in the development plans of local governments (Colombia)

Support social accountability initiatives and practices via the DFID Trust Fund (Bolivia)

Institutional Development Fund (IDF) for National Congress (Paraguay)

Training course for mayors and councilmen on how to promote inclusive governance in their communities (Brazil)

Organize presentations by New Voices members in each city for the purpose of knowledge and information sharing. These *Conservatories Juveniles* serve as an ongoing mechanism for participation and accountability (Perú).

Provide assistance to Small Grants Program (Argentina, Paraguay)

Capacity Building for implementation of social accountability tools in Bolivia, Ecuador, Honduras, Nicaragua

Organize South-South exchanges with government counterparts and CSOs to exchange experiences in Participatory Monitoring and Evaluation (PM&E) activities Strengthen Training of Trainers Network in PRSP countries (Nicaragua, Honduras, Bolivia)

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