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Defining New Cooperation in the Humanitarian Agenda

On November 1 and 2, 1999 CSIS co-hosted a conference with the Business Humanitarian Forum Association on Defining New Cooperation in the Humanitarian Agenda. The following speeches are now available.

message from

Kofi Annan

United Nations Secretary General

delivered on his behalf by

Ms. Catherine O'Neill

Director, UN Information Centre

It gives me great pleasure to convey my greetings and best wishes to all who have gathered for this conference. The Business Humanitarian Forum and the Center for Strategic and International Studies merit our recognition of this timely and important initiative.

The humanitarian work carried out by the United Nations and its many partners has come under unprecedented stress in recent years. From Africa to the Balkans and East Timor, civilians have become the preferred targets of combatants and breaches of human rights and humanitarian law have become almost routine means to an end. Humanitarian assistance is used as a palliative, when what is truly needed is political will to address the root causes of conflict. And all along there has been a woeful shortage of resources.

The consequences have been dire: needless suffering, prolonged crises and damage to the credibility of international institutions -- indeed, to the very idea of an international community. The only silver lining, if there can be said to be one, is that we have learned important lessons about the need to close the gap between emergency assistance and post-conflict development; about never losing sight of the fundamental links between poverty, development and peace; and about the necessity of forging a new consensus on how the United Nations can best respond to the political, human rights and humanitarian crises that afflict our world.

Partnerships between the United Nations and the private sector can play a key role in addressing these challenges. In the short term, in countries torn by strife, famine or natural disaster, there are the obvious business opportunities of rehabilitation, reconstruction and investment. But the broader, long-term picture is equally crucial, so that countries can avoid marginalization and the

descent into chaos and instead find the path of development and integration with the global economy.

It is with this goal in mind that I have sought closer ties with the business community across the breadth of the United Nations agenda. And that is why, earlier this year, at the World Economic Forum in Davos, I proposed a Global Compact between the United Nations and the world business community to protect human rights, the environment and labor standards. Why are these the business of business? Because with global power comes global responsibility. Because a company's reputation depends more and more on satisfying not only its shareholders, but the wider global public as well. Because protecting the environment, human rights and labour rights makes good business sense. And because these are issues with global dimensions, not addressed by markets nor captured on balance sheets, yet crucial to the future well-being of us all, business included.

As we enter a new millennium, business and the United Nations have a common interest in peace and stability and in meeting the needs of the world's people. Our doors are open to all who believe in the UN's universal values and want to find common ground for the common good. To all of you who are now joined in dialogue on how to make this a reality, please accept my best wishes for a successful conference.

Speech by
Mrs. Sadako Ogata
United Nations High Commissioner for Refugees

Ladies and Gentlemen,

Thank you for inviting me to the Business Humanitarian Forum. It is an honour to be with you tonight. I am very glad to see that you are pursuing this initiative. Today's discussions were most interesting, and I was particularly encouraged by the fact that the Forum decided to focus on problems far from the spotlights of media interest and public passion: such as Africa and the "gap" between humanitarian and development assistance.

A common focus: people

I would like to start by speaking about working together - you, business people, we, humanitarian organisations, and of course governments. Is there room, and is there a rationale for business to cooperate more closely with humanitarian agencies? I think the answer is clearly yes. This support, however, should not be simply a contribution to a good cause. Nor should it be a convenient image booster for companies that want to "look good". Supporting humanitarian and refugee programmes is much more than this. Supporters become stakeholders in activities on which depend the lives of many people, and adhere to a set of values with people at their center.

In short, supporters must accept responsibilities.

UNHCR's work offers a good example. Refugees are a real, global responsibility. As we say in our jargon, it is a "mandated" responsibility, in the sense that the international community has entrusted UNHCR - through a system of legal conventions and accepted practices - with the custody of refugee protection. UNHCR's mission is therefore neither optional, nor selective. It is not even simply humanitarian, since it concerns a very specific set of people, with very specific needs. It is a mission that must be carried out wherever and whenever refugees need protection and assistance.

However, we cannot work alone. We need partners, who by becoming associated to our work also help us shoulder the literally vital responsibility of protecting and assisting refugees. This is well understood by NGOs, our traditional partners, with whom we have developed a complex and relatively sophisticated system of cooperation. This, I would like to propose tonight, must also be true for newly emerging partners, with whom we need to enter into much more meaningful dialogue. In our own sphere of work, we have made efforts - for example by including the corporate sector among the targets of a "reach-out" campaign to explain and discuss UNHCR's refugee protection mandate. These efforts must be broadened, and the Business Humanitarian Forum is a starting point. We must define, better than we have ever done before, how new partners, and business in particular, have a stake in humanitarian responsibilities.

We - governments, business and humanitarians - have a common goal: meeting the needs of people. Governments are interested in people as citizens. Business focuses on people as shareholders, customers or employees. Humanitarian agencies are concerned by the plight of certain categories - victims of war, the poor, refugees. We look at people from different perspectives, but the dynamics of our relationships can boost everybody's ability to deal more effectively with people, and to fulfil respective responsibilities.

I would like to insist in particular on the idea that business focuses on people. Flip through any magazine. Or watch commercials on TV. Most company ads insist that their business is about people - "we care for people", "our work is about people". Of course, some of this is rhetoric - flattering people, making them feel that they are not exploited. But it is also profoundly true that business - especially today, in an increasingly deregulated and globalized world - must make people feel that they matter; not only in slogans, but also in reality. Business is about profit - but then, profit, of course, and increasingly so, is about people.

It is not by chance that an agency working in some of the most remote, inhospitable and dangerous parts of the world, such as UNHCR, often finds itself on the ground in close contact with the field staff of business companies. The immediate purpose of our presence is not the same, but being there creates a common proximity with people often deprived and suffering. And in many places, I have seen this proximity prompting companies to share and support UNHCR's efforts. I could cite extraordinary examples: back in the 70s and 80s, oil companies helped us rescue Vietnamese boat people on oil rigs in the Gulf of Thailand; during the massive influx of Rwandans into Tanzania, in 1994, a construction company helped us build refugee camps and access roads very rapidly, thus enormously improving the speed and quality of vital assistance; in Azerbaijan, crucial support in giving shelter to hundreds of thousands of refugees and internally displaced has been provided by companies established in the country to develop its energy resources. And I could continue.

One may say that these were generous gestures, prompted by the sight of suffering - yes, indeed, they were. In this sense, they were also truly humanitarian gestures. But I firmly believe that business, by nature, wishes people not to be poor, not to be deprived, not to be excluded. Business wants prosperity and inclusiveness - it cannot thrive otherwise. Business wants people to be secure - insecure people are bad clients. And could humanitarian agencies - could the UN refugee agency, in particular - wish anything but a prosperous, inclusive and secure world?

Let me use again the example of refugees. Resolving refugee problems contributes to stability, which in turn opens up possibilities for economic development, and ultimately prosperity. Business has therefore much to gain from turning the negative spiral of conflict, forced population movements, and poverty, into a positive one of ending conflicts and achieving sustainable peace through reconstruction and development. Business has more to gain from what - for lack of a better word - I will call "sustainable" profit, than from forms of profit which are immediately tangible, but do not establish the ground for longer term prosperity. Once again, these are the same goals as ours. Once again, our shared desire to secure the lives of people, and to improve the livelihood of their communities, provide us with crucial common ground.

Different, complementary responsibilities

Responsibilities towards people on whose behalf humanitarian work is carried out, raise some critical problems that we should reflect upon. I would like to mention three areas, all related to the concept of responsibility.

First, the responsibilities of states. Once again, the case of refugees is a good example. Over 90% of UNHCR's resources have traditionally been provided by governments. This is not just a matter of funding our work. It also hopefully contributes to make governments feel more responsible for refugees. Protecting refugees is their responsibility. Granting asylum is the single most important action that any state can take on behalf of refugees. Therefore, in seeking support from non-government sectors, UNHCR wants to complement, but not to substitute for government contributions, which, both in symbolic and concrete terms, mark the continued commitment of states to upholding refugee protection.

Second, the responsibilities of humanitarian agencies. We use resources that are contributed to us mostly by governments. It is taxpayers' money that we are accountable for. It is our responsibility to continuously seek ways to improve our effectiveness, striving to minimize costs and maximize benefits for refugees. It is not an easy task. In many countries, a handful of UNHCR field officers are in almost complete charge of coordinating basic services in refugee camps as big as tented cities - like mayors without town hall employees. And although humanitarian agencies will never operate in the same way as business - we do not seek profit and competition, but the widest possible consensus in resolving problems - we share the pressure to operate cost-effectively. Business is much more advanced than we are in responding to this pressure. It is an area in which we have much to learn from the corporate world, and in which the advice and support of business would be invaluable. Let's talk about it.

Third, and not least, the responsibilities of business. The purpose of business is profit, which does not mean that this should be pursued at the expense of a broader vision of the social, political and - yes - human context in which business groups operate. Going back to the concept of "sustainable profit", I want to make two proposals.

The first is prompted by my concern - which I share with many others, in particular NGOs - over the fact that some business groups, unwittingly or not, may be contributing both to war and to human rights violations. It is very well known, for example, that some of the worst refugee-producing conflicts in Africa today - in Sierra Leone, in the two Congos, in Angola - are partly fueled by business groups with interests in natural resources: money received from selling oil, diamonds or wood, is used in turn to procure arms. In other countries, there are companies doing business with governments that violate the human rights of their own people - sometimes these companies even contribute to these violations, by further exploiting, as cheap labour, persecuted and repressed groups.

A spin-off effect of these practices is that it creates an atmosphere of suspicion around business/humanitarian relations. Even this meeting has not been immune from criticisms of this kind. If we are to continue to cooperate, however, we must address these problems squarely, and dispel all misunderstanding. My proposal is that we seriously work together in trying to address, marginalize and ultimately avoid these dangerous practices. I am ready to discuss how to pursue these goals in areas of concern to UNHCR.

My second proposal is that businesses could offer more concrete opportunities to people suffering from exclusion, both in developing and developed countries: by supporting education, providing training and especially giving job opportunities. Business, in many countries, far from being party to unacceptable behaviour, could play a very positive role in inducing governments to improve their own human right standards, or to fight exclusion. We at UNHCR stand ready to discuss these issues, provide advice and start joint projects. Next year, for example, on the occasion of our 50th anniversary, we will launch a Refugee Education Endowment for which we hope to raise up to 50 million US dollars, including - we hope - contributions from business and other non-government sources.

What type of support can business provide?

I am often asked by business people - what do you exactly expect from us? I do not like this question. It gives the impression that humanitarian agencies have shopping lists, which they "expect" business to respond to. It is a widespread mentality: business donates, humanitarian agencies receive - a very simplistic concept of charity, if I may say. Rather, we should work together to define what type of support business can provide to humanitarian and refugee programmes. As I said, it should not simply be about "giving". I look at it much more as a partnership with the same objectives. I see four main areas in which of support and cooperation.

First, financial support. This is particularly important. Humanitarian programmes function mostly thanks to donations. Well over 90% of UNHCR's one billion dollar yearly budget, for example, is funded through voluntary contributions of governments. Therefore we have to constantly urge governments to provide adequate funding in a predictable manner, and through rapid and flexible procedures. On the other hand, business understandably prefers to fund specific projects with a direct link to those who will benefit from them - possibly related to its own field or location of work and as much as possible within a clear timeframe. I agree. We do not want business to fund more than a minimum amount of administrative costs. "Institutional" support must continue to come from governments. This way, business contributions will truly be complementary to those of governments.

Second, support in equipment and services. I think this is the most interesting area of business/humanitarian cooperation - and the one in which we can benefit most from sharing the know-how and resources of business. The most relevant examples are probably in the field of information technology and telecommunications - as crucial to humanitarian and refugee operations as they are to any other activity. Because of our limited resources, our access to state-of-the-art technology is also limited. In today's massive emergencies, UNHCR's traditional information, communication and refugee registration systems - designed for more manageable crises - have come under incredible strain. This has provided us with a good opportunity to open up new areas of cooperation with business. In Kosovo, for example, many companies were eager to help us address the movements of enormous masses of people. Let me mention in particular a very substantial contribution of resources by Microsoft and several computer companies, thanks to which we tried a new, electronic refugee registration package, which we hope to improve and use in other situations as well.

Besides registration, there are other areas in which we must improve our technology. For example, information campaigns aimed at refugees about conditions in their own country are

crucial to help them make up their mind about whether to stay where they are, or return home. This is what we must do in Indonesia for refugees from East Timor, and we did in Tanzania and the former Zaire for Rwandan refugees, for example. Our delivery of messages to large groups of people could improve immensely if we had more effective tools. And I could refer to other sectors, too - logistics and transport, for example, which is the single most expensive activity in any humanitarian operation; or shelter and housing, another crucial and very costly sector of operations.

The third area I wish to mention is that of projects to provide direct support to uprooted or deprived people. There is a great variety of opportunities in this area, both in developed and developing countries. We should pursue cooperation particularly in two fields, both oriented towards self-reliance: education and jobs. Let me make one concrete proposal, one that we could call "jobs for coexistence": why not explore together the possibility of creating jobs for a number of people in countries that have undergone severe inter-communal violence - like Bosnia or Rwanda or East Timor - and link the project to inter-ethnic coexistence, by providing equal opportunities to members of different communities? Joblessness - and lack of economic prospects in general - is nowadays one of the main reasons for the failure of inter-communal reconciliation. I am aware that unemployment is not going to be resolved by finding jobs for a handful of particularly deprived people. Do not underestimate the impact of an inter-ethnic shoe factory, however! Any such project could be of immense value - even if only symbolically - for the promotion of peace-building in areas of fragile peace, for the prevention of further refugee flows, and - ultimately - for the creation of an economically viable environment.

The last area of cooperation that I would like to mention is the promotion of awareness of humanitarian and particularly refugee problems. Business can be extremely useful in this field, too, by helping humanitarian agencies obtain broader and better access to the Internet, for example; by supporting advertising campaigns; and through the association of their employees to fund raising and awareness activities. The politicization of migration and refugee issues, for example, in both developed and developing countries, leads to discrimination and racism. It would be extremely significant if businesses could support the improvement of the image of migrants and refugees, and show that they are not a threat, but rather that they make a contribution.

We - at UNHCR, and in the humanitarian community at large - are quite serious about working with business in all these areas. UNHCR, for one, is prepared to enter into stand-by arrangements with companies, that could be activated in case of large emergencies, and through which resources can be made available, and more importantly, staff can be deployed to provide support in refugee operations. We are ready to talk with you on how we can make your available inputs of real service to refugee programmes.

Conclusion

Ladies and Gentlemen,

At all levels - in the financial, political, even personal sphere - we live in an era of experimentation in partnerships. We, the humanitarians, are facing this not only with business, but also, for example, with the military - as Kosovo has shown. We should not be frightened by new associations, even if the expertise, prior experiences, and even respective languages are so different. Being new, these associations are most exciting. But as with any new terrain, exploration must be bold and careful at the same time.

This is what I have been trying to convey by focusing on "responsibilities" and not just on "support". For sure, humanitarian organisations - and I can certainly speak for UNHCR - have much to benefit from business models and contributions. However, I am persuaded that this

cooperation will also be of great benefit to businesses. Being partners in humanitarian activities will provide business with positive visibility. I do not think there is anything wrong with this, provided that it is done honestly and transparently. But there is more. In many companies, being associated with humanitarian causes often has a "rallying effect" on employees, thus improving team spirit, and a sense of belonging to a meaningful organisation. Helping people can also give business groups stronger "roots" in communities in which they operate.

Business today thrives on partnerships. Globalization means that business has never before been so dynamic in searching for synergies, and in maximizing them. I represent here a very different world, in which partnerships are nevertheless as essential. And I am here to propose that you become partners in our endeavours to help people have better, safer lives. The challenges are immense. What you can offer us will be crucial to strengthen our capacity, especially in chaotic emergencies. What we can offer you is partnership in making profit - as I said - "sustainable"; in making profit accessible also to those who are as far away from profit as it is possible to be in today's world - the refugees, the war victims, the poor. Through humanitarian assistance, we can give them hope. By going a step further, and offering them opportunities, we will give them a future. They need both.

Thank you.

Speech by
James D. Wolfensohn
President, The World Bank

"I am very happy that Sadako Ogata is here. She is my heroine in the whole UN system. She is a remarkable woman, and if she has spoken to you, as I know she has, there is probably very little for me to say because what there is to know about conflict and post-conflict, Sadako Ogata knows and acts on. I think we are all very fortunate to have her in the UN system.

Let me say that nothing is more important to us, at the World Bank - or more complicated to us - than the issue of dealing with post-conflict situations. I just got the New York Times for this morning, and to give you an idea of the sort of challenge, let me read to you what is happening in East Timor at this very moment in a 40-man committee led by Klaus Rohland, one of our colleagues.

The article says: "East Timor - Even before the recent violence that destroyed most of East Timor's buildings, the creation of a newly independent society and economy here presented a harsh case for development.

"Apart from roads, ports, airfields and power plants, East Timor has almost none of the basic elements of a functioning nation: no budget or banking system, no judiciary or law enforcement, no civil service, no government institutions.

"Its educational, health care, trade and agriculture systems are in a shambles. Most of its people are subsistence farmers; most are illiterate."

That's not a bad starting point for a problem, but it is not unique. And Klaus Rohland is now out there with a team of 40 people from 30 institutions with the purpose of really trying to see how you can deal with a post-conflict situation where there is practically nothing.

We had already started on this issue three months ago when we brought to Washington a number of Timorese to try and give them the most simple and basic elements of administration. And we said, of course, that when the conflict was over, it could not just be left at that. We did not know how it would emerge, but what was particularly significant and important to us was to make sure that the first element in post-conflict established. And that was trying to develop an infrastructure of people in the local community who could take hold and who could seek to develop a framework in which a society could function.

In the case of the East Timorese, it had all been done by Indonesians, the interdependence was totally with Indonesia.

Then take Kosovo, where we are working. As we approached that situation, we also confronted a situation where everything had been done from Belgrade. Kosovo had been starved of money. They had been starved of investment. And as one visits the country - or rather as one visits the region, not yet a country - you become peculiarly aware that the antecedents to this conflict and to the tragedies that occurred there were, in fact, the result of interdependence with an unwelcome partner. And yet there is total dependence on that partner, total dependence on trade, total dependence on Belgrade as an administrative function. There are few systems of government in Kosovo, few people. So, much as we would all like to think of an independent Kosovo, you in fact come into a situation where the reconstruction is already constrained by history because of the relationship with the former Yugoslavia and with the Serbs.

So the first thing you have to do in these situations is strive to get a grip on a total picture: a total picture of the political framework, a total picture of the structural framework, and of the economic framework.

And I say a total picture because all these elements touch the very critical issues of aid or of getting subsistence food to people or meeting the essential needs of protection and habitation. These are the sort of things which Mrs. Ogata addresses with such vigor. But they are certainly also not sufficient for dealing with the question of post-conflict reconstruction.

And so as you address these humanitarian needs, the thing you have to do simultaneously is to try and put the society in a framework where you have some continuity going forward, where you have some systemic reform that allows you to start right at the beginning with the issues of comprehensive development.

I should tell you that the Bank, although we started, I remind you, 54 years ago as a reconstruction agency after World War II, we lost our way. We came in as the IBRD, International Bank for Reconstruction and Development, formed because of the problems created by that war. But as countries emerged into an industrial context and as they went forward with their own structures, as the Western world as we know it developed, the need for the Bank to think in terms of post-conflict became more distant. And so the institution became an institution which dealt with issues of development. It dealt with the 4.8 billion on our 6-billion-people planet, to use current numbers, that live in developing countries. And we focused on the issue of poverty, the issue of the 3 billion of those people who live under \$2 a day, and the 1.3 billion that live under \$1 a day.

And so we took our focus away from reconstruction to focus on the issues of poverty. But we soon learned that poverty and inequity is, in fact, the cause of conflict. It is - I see someone nodding - one of the causes of conflict. Let me be clear in an academic environment. If this were

the Rotary Club, I might get away with it, but I guess it isn't so I'll take my Rotary Club speech and tear it up.

But let me say that one of the principal causes of conflict is poverty and inequity. I think I could say that with some certainty. And for us, dealing now in 39 cases of countries affected by conflict, we are finding that our issues are coalescing once again and in more and more countries into the issue not just of poverty but into the issue of post-conflict.

Post-conflict is not something which changes the nature of the challenge on poverty and development. It surely exacerbates the problems, as we have seen in East Timor. We take a similar approach in post-conflict situations to the approach we take to general situations of development and even transition. So to keep our minds clear, we have developed a methodology which is fundamentally geared to looking at a comprehensive framework. Of course it has different manifestations in the case of post-conflict, as illustrated by the description I just gave on East Timor. But it is coherent with the way in which we go about development in general.

Let me give you some examples.

When you look at development in general, it is very difficult to conceive of just pouring money into projects and thinking that if you pour money into projects you will have effective development. We have learned this the hard way in very different places, from Russia to countries in Africa.

The first thing that you have to think about is how is it that you can have a continuing structure. How is it that you can first have an element of government? Can you train people that can carry forward the essence of government? Because without a trained or growing force of people who understand the essential elements of government, in any post-conflict situation you cannot have continuous movement forward.

The second thing that you have to look at is the establishment of a system that protects rights, that gives you a framework in which you can operate. And there you think in terms of a legal and justice system. In much of the work that we have been doing, the assurance of rights to property, the protection of rights of individuals, the establishment of a sense of order in which a society can function, is a prerequisite to any form of development in the post-conflict situation.

And so it was when I was in Bosnia that one of the first things that I saw to - and Sadako will remember - is the reconstruction of the Supreme Court. You might think that is a luxury in a country like that. It is not a luxury. It is a necessity to establish the framework in which you are operating.

It makes it sound simple to jump very quickly through this but you need a legal system and justice system and that in itself is a highly complex issue because to have a justice system work, you have to have the laws. The judges have to know what the laws are. You have to have lawyers who know what the laws are. You have to have books. You have to have a framework in which it is operating. You have to build on what you had in the past, but very often people do not want to have exactly the system they had in the past, and they want to move to a new system. Tough enough at a time of no conflict. Extraordinarily difficult at a time when you have ethnic confrontations and human confrontations still existent. But the fact is, you need a basic system, and you need a basic form of order-keeping.

One of the issues facing us now in Kosovo is the issue of police. How do you administer justice? Do the police become an instrument of oppression, or do they become a protector of the rights of people? And what we have learned in a 60,000-person study that we have just done of poor people in 60 countries is that they regard police, almost to a person, as an instrument of

oppression rather than a protector of rights. So managing that in an environment where rights have been violated, typically, as you move into conflict situations, is very difficult.

If you jump to Gaza/West Bank, remember the problems we had on the establishment of the local police? What is the local police in Gaza/West Bank? It used to be the Israeli soldiers. It is now an arm of the Palestinian Authority or the future Palestinian Government. Highly controversial in the local community. Obviously necessary in terms of keeping order, but is it an instrument of political oppression, as seen by some of the Palestinians? And it very much depends on who you talk to as to which side you come down on.

The same with the establishment of the court. It has taken us several years to convince President Arafat about the appointment of a new chief justice, which he has now done. We have been talking for probably three years about the creation of a legal system in that country. And we have had the Australians go over there and draw up a strategic development plan for the rule of law. But to get it adopted affects the people who are already in power and the influence arrangements which there are in a post-conflict situation.

I only come back on that as an aside to tell you that when I say establish a legal and a justice system, it is easier said than done. But it is surely an essential element.

Then you have to have a financial system. You must have something which at least gives some transparency and order to the establishment of the society in terms of its finances. And, again, in the case of Bosnia - and Sadako will remember the problems we had in trying to get a functioning system for payment and how, for the banks themselves, although it was agreed that you needed to do it, it became a cause celebre in the Bosnian situation in terms of how you put together a central banking arrangement. It raised again all the issues of who is going to be in control.

On the other hand, how do you run a society without a functioning system of payment and a methodology by which you can have some form of banking system?

So we are focusing on that. And if you start with banking, then you need to be thinking about issues of control of corporations, registration of companies, the transparency with which corporations operate. This is necessarily a framework which applies in ordinary countries, but surely applies in spades in a post-conflict situation as you try and get the framework established.

And then you have the issue of corruption. The corruption issue is not distant from any country. But in a post-conflict situation, you have the power vested in the hands of a few people, typically. Some of them are impeccable. Many of them are remarkable. But around these central units, our experience has been that you have to be very, very careful. And you have to be careful with funds for aid and assistance, but you also have to be very careful in terms of the general flow of funds.

There we get to the question of fiscal policy. We have a problem in raising money, which I will get to in a minute, which is exacerbated because many of the Finance Ministers say it is not our job to put money in for ongoing costs. This is a cry that Mrs. Ogata and I have run into constantly. Whether it be in Kosovo in terms of the United Nations management, which is running perhaps \$40 or \$50 million shy in terms of paying for the people that are working there between now and the end of the year, and with a budget in the order of \$150 million for next year, when you go out to try and raise the money, the governments tell you it is not their job to pay working capital. Our job is not to pay continuing resources, they say. Let them get that from tax collection, because that's the way it works in France or Germany or the United States or any respectable country. But go into a post-conflict situation and talk about tax collection ... the idea is nonsensical if you have been on the ground. You can do something in terms of sales taxes. You can do something in terms of visible taxes on transfers. But think about going to collect money. Think about going to

collect money in Russia. Think about it in a post-conflict situation. They will shoot you as soon as look at you.

My friend Michel Camdessus and I have actually been to tax authorities where they train people with machine guns - I am not joking - because the tax collection has to be done by force. Well, in a post-conflict situation, that is a little difficult because everybody has got a gun.

So I am not making light - I am surely not making light. I am not trying to dramatize the situation to you. What is crucial for us is to convince the donors and those that put up the money that it is different, that you cannot apply the same situations in post-conflict that you can in terms of normal, orderly development where things are going all right.

I just want to stop there without getting into the issues of education and health and roads and communications and all the other things which go to make up societal development. But at the front end, this issue of structure and the issue of getting adequate people, the issue of getting training, the issue of getting funding poses us with our most serious problem.

And let me jump back a bit on that. If you take the Bank, which I remind you was a bank for reconstruction and development, our forefathers decided that you could only lend when a country was in shape, when it was up to date, and when you could have appropriate lending programs which would pass the screens that we have on the way to the Board: up to date with us, up to date with everybody else, cross-default provisions. And so Sadako Ogata comes to me and says, You're doing \$30 billion of business a year, why can't you spare us \$20 million for this country? Why not write a check?

Well, the answer is that if the countries are in order, we can give you a billion. But if they are not in order, for us to find \$10 or \$20 million is damn difficult. And why is it difficult? Because our shareholders, who are full of excitement and enthusiasm at the time of conflict, as they were in Kosovo, as they were in Bosnia, as they are in East Timor, as they have been, much less, in the Great Lakes district and in Burundi and in Sierra Leone, but nevertheless it as a newspaper story like this, people come out and say we will give support.

Well, while it is on the front page, you have got a chance of getting promises. But the problem then is to collect. And then you go on to a situation where there is a gap between the statements made by the ministers - and I think all in good faith - and the way the system functions. And so we have this gap - the gap between the humanitarian assistance and the reconstruction.

If everything is in place, the Bank can come in with terrific programs for reconstruction. Hopefully, during the period of human crisis there are funds available for humanitarian needs. But that period between the humanitarian and the commencement of the reconstruction, this gap period that we discussed at a recent meeting at the Brookings Institute, poses for us an extraordinarily difficult problem.

And so it is in that gap period that what we are looking for is ways in which we can get trust funds to come in to try and bridge the gap, and sometimes we are successful and sometimes we are not. It is more easy to raise trust funding for European-based problems than it is for African-based problems. But even in the case of Europe, it is not fully successful. And even in something as dramatic as Kosovo, which was on the front page of all the Press and where tens of millions of dollars were squandered every day in bombing, try and get half a day's costs to carry you through the end of the year, and Kofi Annan will tell you that he has not got it. I am correct, I think, Sadako, on this. Forty to fifty million dollars is still needed to allow the administrator to pay for the ongoing costs of government as we try and make the transition in Kosovo.

This is a huge problem for us, and it is a problem that we are facing really around the world in the post-conflict areas. It is not, however, an insuperable problem. The numbers are not that great. But at the margin, if you do not get it, and if there is a gap in the system, which is where the problem is, the numbers become enormous.

Take our institution. We earn \$1.2 billion, roughly, a year. But my shareholders say put \$300 million of that into IDA, put \$200 to \$500 million into debt relief, and try and put another \$500 to \$700 million into general reserves to allow for growth. And, by the way, they say, help us with the following things from Gaza/West Bank, to this, to this, to this.

I am at this moment looking at next year with a margin of \$37 million in terms of funds that I can dispose of - \$37 million.

Now, here I am, an organization with a balance sheet of \$155 billion, with an IDA balance sheet of \$105 billion, making \$260 billion. Adding IFC and MIGA, you can bring it up to \$280 billion. And I am looking at an amount of \$37 million to carry me through between now and next June in terms of discretionary funds. It is preposterous.

On the other hand, the wheels of government are such that in order to get money out of governments, it takes a major effort and the same cycle to get money frequently for these transitional funds as it does to get money for IDA or for other longer-term activities. This is a massive problem for us in terms of the funding, quite apart from the organization, the funding of the period between conflict and reconstruction. And, frankly, there we need your help.

Now, I know that there are people here from business. Let me say that I am putting this to you not as a deterrent in terms of investment and movement forward. I am giving you the facts. The facts are that there is a lot of business to be done in these countries. I am from the business sector, and I see the opportunities not as a matter of charity but as a matter of good business.

In these countries, you can come in very early to establish a framework of business. And you can get some guarantees from us and from governments in terms of some aspects of the basic rights that you need.

We are looking at trying to assist companies in terms of moving in. We are prepared to go in with you as IFC, which is our investment arm at the Bank, so that you have some ability to go in with some cover. And in terms of general business, in terms of trading, those that have valor and have a sense of looking beyond the immediate conflict I think have a real opportunity in terms of building a base for development.

I do not come to the business community as a matter of charity. I happen to think it is good business to have a stable world, but that is a much longer argument to make to you. I think it is a matter of us joining with the business community in terms of looking at these situations, and I have run into wonderful young people for companies in these countries who are going in excited because they have a chance of doing something which links business with humanitarian and social objectives.

It is a wonderful thing to send a young executive to try and get something set up in these countries. It does not all have to be handed on a plate. And when you go there and you see the issues of human despair and the issues of hope, and you come upon peoples who have fought to get themselves independent and to get the opportunity for a better life, you have an extraordinary group of people who are really anxious to work with you to try and develop the fabric of that society.

It is not like investing in Alabama or California. It is surely very different. But it is still something that is worthwhile doing. And the establishment of business enterprises in these countries,

starting in our case with small- and medium-size enterprise, whether it be for the widows in Bosnia or whether it be for returning servicemen in Burundi or in Uganda or in Sierra Leone, there is the possibility for taking the next step and bringing the international knowledge and skills that many of you have in many areas, surely in the area of natural resources. The ability to deal with issues of natural resources and mining in many of these countries is extraordinarily important.

In the case of Gaza at the moment, there is the prospect of oil. In Kosovo, there is the reconstruction and the involvement of the mining concern, which is absolutely at the center of Mitrovica where the complex is there - massive investments that were previously made in the former Yugoslavia, lying there now ready to be the area in which there can be a re-creation of employment and activity.

It is not a hopeless case. It, in fact, is for many people the most exciting case that you can have. You can make money, and you can do good at the same time. And that is not a bad thing.

And we at the Bank are ready to be your partners. We want to be your partners really in every sense: in terms of the structure, in terms of information, in terms of dealing with government, in terms of getting your help to find out what it is that you need to do business effectively, because everything is flexible in these environments. We want to get the structure straight, but we have had numerous examples now of companies coming in and getting the best shot right at the beginning and where we can help.

And so I would only urge you in some of these situations, find some of your younger people, fantastic opportunity for them to develop. Give them a chance. Give them a few dollars. Give them the backing. Those people will become presidents of your companies someday because, if you can do it in those conditions, you can do it anywhere. It is not something to turn your back on. It is a business opportunity, but it is also a moral and a social responsibility. And you have a great partner in the Bank. You have a greater partner in Sadako Ogata. You have a great partner in the UN system. And you typically have a great partner in the people that have fought for their freedom because they do, more than anything else, want to develop the country.

So it is different from normal investing, but it is not something that you should turn your back on, because there is an excitement in this reconstruction. You can really feel that, apart from making money, you can help in nation building and in doing that help the future not only of those people but of your children.