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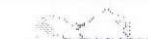
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Meeting:
World Bank-NGO Steering Committee

Tuesday, March 10, 1998
3:00 - 3:45 p.m.
Conference Room MC12-700


Archives



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President Wolfensohn - Briefing Book for President's Meetings - Meeting Material
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A. CLASSIFICATION

☒ Meeting Material
☐ Trips
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☐ Annual Meetings
☐ Corporate Management
☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: MEETING: WORLD BANK-NGO STEERING COMMITTEE (B) (N)
VENUE: MC 12-700 (CONF. ROOM) TIME: 3:00 - 3:34 P.M.
CONTACT: JOHN CLARK @ 38140 // BAIN @ 34708
IN ATTENDANCE: JDW, K. MARTIN (FOR MMB-mission), SERAGELDIN, J.
CLARK, A. RONDOS, N. SIDDIQI, K. BAIN, MARISELA
NGO ATTENDEES:

Mr. Rajesh Tandon (PRIA, India)
Mr. Manuel Chirriboaga (Alop, Ecuador)
Mr. Victor Quintana (Equipo Pueblo, Mexico)
Mr. Jalal Latif (Inter Africa Group, Ethiopia)
Mr. Andrew Hewett (Community Aid Abroad, Australia)
Mr. Bruno Gertner (EUROSTEP, Switzerland)
Ms. Jane Covey (Institute for Development Research)
Mr. Archana Kalegaonkar (Institute for Development Research)
Ms. Rachel Marcus (Save the Children, U.K.) (instead of Caroline

Harper)

Mr. Jihad Mashal (Israel) (instead of Mustafa Barghouti)

(B) BY JOHN CLARK // DUE WEDNESDAY, MARCH 4 // EXC: MM // LFG
(2/26)

Brief includes:

---The Steering Committee: Function & Issues for Discussion
---Other Items on the Agenda
---Non-Governmental Organization, additional Information from OED
---Participants
---Memo from JDW to the EDs: The Bank's Relations with NGOs: Issues and
Directions (SecM98-150)
---Statement by Ikka Miemi at 03/10/98 Board Meeting on The Bank's
Relations with NGOs
---Statement by Jan Piercy at 03/10/98 Board Meeting on The Bank's Relations
with NGOs
---Memo to Caio Koch-Weser from Ismail Serageldin

DATE: 03/10/98

C. VPU

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OFFICE MEMORANDUM

Jim
Some background
points for the
Board seminar on
NGOs
Sven

DATE: March 9, 1998

TO: Mr. Caio K. Koch-Weser, Managing Director, MDOMD

FROM: Ismail Serageldin, Vice President, ESSD *IS*

EXTENSION: 34502

SUBJECT: "The Bank's Relations with NGOs" - Board Seminar, March 10, 1998

1. This paper appears to have been well received by most both Part I and Part II EDs. Those who have commented express a general satisfaction that it contains a good balance between a stock-taking of Bank-NGO relations as they have evolved and a discussion of the concerns arising. Specifically, there is agreement that the four "emerging issues" identified by the paper are the correct ones.
2. Some EDs do, however, predict a lively and possibly at times heated discussion on Tuesday. Most OECD governments view the subject differently from most developing country governments. Hence some aspects of the discussion will be unavoidably polarized, though perhaps less so than on previous Board discussion about NGOs because of the paper's starting point of development effectiveness, and its emphasis on relations with developing country NGOs.
3. In addition to the points flagged by the paper, the following points may well come up:
 - (a) **Bank Pressure:** While there is a general agreement that NGO partnerships can promote development effectiveness, some think that Bank staff extrapolate this too far and seek NGO involvement too routinely (a cookie-cutter approach) and press governments too hard to accept this "World Bank fashion" (China, Philippines Executive Directors). The country context needs to be considered more fully.
 - (b) **NGO Selection and Mapping the Civil Society Sector:** Some may argue that much fuller guidance is needed on NGO selection (perhaps a policy, even - Anglophone Africa, China). Conversely, others will point out that generic selection criteria will never provide full clarity (Philippines, Francophone Africa, Scandinavia), because there is no substitute for acquiring a detailed understanding and route map of, not just the NGO, but the full civil society sector in the country. Often, civil society entities other than NGOs should be preferred partners (Russia, Philippines). Do the people the Bank currently speak with reflect the profile of society outside of government (Scandinavia)? Some Part II EDs (China, Anglophone Africa) think that the selection of NGOs for dialogue and collaboration should be the preserve of governments (many of whom have worked with NGOs for a long time). Some Part I EDs, however, feel that the paper gives too much away to governments, hence limiting the scope for independent inquiry (Canada, UK).
 - (c) **Distinction Between Operational and Advocacy NGOs:** Some argue that we should put much more emphasis on the former (Philippines, Indonesia, Africa), though they accept the lines are blurred.

- (d) **Operational Partnership with NGOs**: Some Part II speakers may point out that the Bank's procurement and other business procedures don't always make NGO involvement easy (Indonesia). Other Part II speakers, however, may observe that private sector firms often feel at a disadvantage compared with NGOs in competing for Bank contracts (Anglophone Africa). We need more information about the costs and benefits of NGO involvement (which is very time consuming). The OED study is welcome in this regard.
- (e) **CASs**: It seems that most EDs will agree with CAS disclosure where this is the government's choice. Some like (UK, China) and some do not like (Russia) the proposal to delete sensitive paragraphs (thereby arriving at two documents). Most recognize the value of having broad consultations (including civil society) during CAS preparation (not China) but stress (Francophone Africa) this should build on and not conflict with existing parliamentary and other deliberative processes in the country, should be planned with governments, certainly not behind their backs, and the purpose and extent of consultation should be agreed up-front (Philippines). The Bank should not seek a tripartite relationship in which civil society has a similar status to governments (China, Indonesia).
- (f) **NGO Specialists in Resident Missions**: There appears to be strong support for these positions but some Part II EDs ask that these staff prepare a careful profile of civil society in their country, advise government on NGO-related issues, and help build the capacity of indigenous development NGOs as well as advise the Bank (Anglophone and Francophone Africa). The Bank can help governments improve their relations with NGOs, (Francophone Africa, Russia), but should not become an arbitrator between government and NGOs (Anglophone and Francophone Africa).
- (g) **Consulting with NGOs on Draft Policies**: The paper's language is generally supported, but some point out that in practice external consultations tend towards negotiations, such that by the time draft policies come to the Board there is little room for deliberation (Indonesia, China). Some may argue that relevant government (as well as civil society) specialists should also be consulted during the drafting process (Indonesia, Francophone Africa).
- (h) **NGO Funding**: Some are satisfied that the paper is not proposing a major initiative in this respect; others suspect that we have left the door open, with a purpose in mind (Canada, Philippines). Most agree that general NGO funding is not a comparative advantage of the Bank.

cc: Messrs./Mmes. G. Davis (o/r), A. Williams (SDV).

Chairman's Briefing
March 10, 1998

(BANK SEMINAR)

*Guatemala
El Salvador
Panama
Nicaragua
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Honduras
Dominican Republic*

The Bank's Relations with NGOs: Issues and Directions (SecM98-150)

- The item for discussion at this seminar is a President's memorandum together with a report entitled "The Bank's Relations with NGOs: Issues and Directions."
- I am pleased to note that Mrs. **Piercy** and Messrs. Carvalho and **Niemi** have circulated their statements in advance.
- I will first ask Mr. Serageldin, Vice President and Head of the Environmentally and Socially Sustainable Development Network, to give some general remarks, and then ask Mr. Clark, Bank Senior NGO Specialist, to introduce the paper.
 - Mr. Ismail Serageldin (Vice President & Head of Network)
 - Mr. John Clark (Sr. NGO Specialist)

(Also available:

Mr. Aubrey Williams	- Acting Director	- Social Development Dept.
Mr. Alex Rondos	- NGO Specialist	- Social Development Dept.
		Non-Gov't Organization Unit
Mr. Christopher Gibbs	- Pr. Evaluation Ofer.	- Operations Evaluation Dept.)
Mr. Mark Constantine	- Manager	- IFC Corporate Relations Unit

Conclusion:

- I would like to thank Executive Directors for their useful comments. The various issues discussed will be addressed in the future as set out in the paper, taking account of the Executive Directors' comments.
- [or, as agreed at the meeting.]

ADJOURNMENT:

- There being no other business, this meeting stands adjourned.



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Correspondents / Participants				
Subject / Title EDS98-91 The Bank's Relations with NGOs: Issues and Directions Board Meeting of March 10, 1998 Statement by Jan Piercy				
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3.00 - 3.45 p.m.

SecM98-150

FROM: The Secretary

March 2, 1998

The Bank's Relations with NGOs: Issues and Directions

Attached is a President's memorandum together with a report entitled "The Bank's Relations with NGOs: Issues and Directions" which will be discussed by Executive Directors at a seminar scheduled for March 10, 1998.

Questions on this paper should be referred to Mr. Clark (X31840).

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

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The World Bank
Washington, D.C. 20433
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JAMES D. WOLFENSOHN
President

From: The President

February 27, 1998

Memorandum to the Executive Directors

Subject: The Bank's Relations with NGOs: Issues and Directions

I attach for your consideration an approach paper on "The Bank's Relations with NGOs". The purpose of the paper is to provide background for a Board seminar on this topic on March 10, 1998. It outlines the growing importance of NGOs to development, and therefore, to the work of the Bank. It describes how the last two decades have laid the foundation for the Bank's work with NGOs and how operational collaboration and dialogue on policy questions have expanded and diversified in recent years. Though concerned primarily with NGOs, the issues addressed in this paper are likely to become increasingly relevant to the growing Bank contact with other institutions of civil society.

The principal objective underlying the Bank's work with NGOs is to enhance its contribution towards poverty reduction and sustainable development. Though much of the progress that the paper describes has been "win-win" for development and welcomed by governments, NGOs, and the Bank, some concerns have surfaced. In particular, some borrowers have expressed the view that the Bank may be running ahead of its partner governments in its dialogue with NGOs on policy issues and certain areas of strategy formulation. The key issue for the Bank is to strike the right balance between interacting with NGOs in order to improve the development effectiveness of its work, and ensuring that this is done within the proper framework of its relationship with its borrower governments.

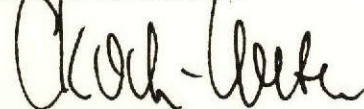
In achieving this balance, specific concerns or debates discussed in this approach paper include:

- ensuring that the selection of NGOs for involvement in Bank activities is based on strong knowledge of the local NGO community and adherence to established criteria, and is with due regard to the prerogative of governments;
- clarifying the role of NGOs in commenting on draft Bank policies and the purpose of consultations;

- enhancing disclosure of information, particularly regarding disclosure of Country Assistance Strategies (CASs) at the request of the concerned governments;
- the role of the Bank in providing more direct funding to NGOs.

The paper discusses these issues, describes Management's position, and invites Executive Directors' comments and further guidance.

James D. Wolfensohn

A handwritten signature in black ink, appearing to read 'Caio K. Koch-Weser', written over the printed name.

by Caio K. Koch-Weser

THE BANK'S RELATIONS WITH NGOS

ISSUES AND DIRECTIONS

DISCUSSION DRAFT

February 27, 1998

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2. NGO-World Bank Committee
3. Examples of Benefits of NGO Involvement in Bank Assisted Projects
4. OED's Forthcoming NGO Study

Appendix

Cooperation Between the World Bank and NGOs: Provisional
FY97 Progress Report

THE BANK'S RELATIONS WITH NGOS: ISSUES AND DIRECTIONS

I. OVERVIEW

1. The purpose of this paper is to provide background for a Board seminar on the Bank's evolving relationship with NGOs. The objective is to take stock of Bank-NGO relations and to help build consensus around the proposed way forward. The paper is not meant to be comprehensive, but should be viewed in the context of a number of other documents¹ on NGO relations which have been distributed to the Executive Directors over the past year. It also draws on the ongoing work by OED.²

2. In summarizing the evolution of Bank/NGO relations over nearly two decades of interaction, the paper points to much progress that has clearly been win-win for development—especially in terms of NGOs' on-the-ground contribution to successful *project* outcomes. However, concerns have been increasingly expressed by some borrowers that the Bank may be running ahead of its partner governments in its dialogue with NGOs on *policy* issues, and that some NGOs want even greater dialogue with the Bank, in part as a way to influence borrower governments.

3. This paper focuses on the need to maintain the appropriate balance in the Bank's relations with NGOs. Specific issues center on ensuring that selection of NGOs with which the Bank interacts is appropriate, is based on strong knowledge of the local NGO community and clear criteria, and is with due regard to the prerogative of governments; clarifying the involvement of NGOs in commenting on draft policies; improving disclosure of information, particularly regarding NGO involvement in the CAS; and disseminating the Bank's views on the funding of NGOs through Bank-supported development activities, and whether there is a need for any additional funding mechanism.

4. The paper concludes by emphasizing the continued need to strengthen the effort to build the public constituency for the Bank's policies and programs—and for development assistance in general. It also calls for further work to be undertaken in developing a broader understanding and Bank approach toward the role of civil society in development. First steps in this direction are expected to be taken in the context of a strategy paper on Partnerships, scheduled to be discussed with the Board in the Spring of 1998.

¹ See *NGOs and the Bank: Incorporating FY95 Progress Report on Cooperation between the World Bank and NGOs* (discussed by the Committee on Development Effectiveness (CODE) December 18, 1996; Minute CODE/M96-22); *NGOs and Civil Society—Definitions and Classifications* (also for CODE discussion, December 1996); and *Cooperation between the World Bank and NGOs: FY96 Progress Report* (sent to Executive Directors for information, August 1997).

² Forthcoming study by OED (expected to be completed in mid-1998) on the development effectiveness of NGOs in Bank operations (see Box 4).

II. AN EVOLVING RELATIONSHIP

5. This section briefly describes the growth of the NGO sector, the evolution of the Bank-NGO working relationship, and the Bank-NGO dialogue on development issues.

A. The NGO Sector

6. NGOs comprise a wide variety of associations, societies, foundations, and charitable entities that are (i) entirely or largely independent of government; (ii) not operated for profit; and (iii) exist to serve humanitarian, social or cultural interests, either of their memberships or of society as a whole (see Box 1). For the purposes of this paper, and in keeping with other Bank policy statements, the NGOs discussed will be restricted to those organizations which work in the fields of economic and social development, welfare, emergency relief, and environmental protection, or that comprise or represent poor or vulnerable people.³

7. This framework includes organizations which act at local, national and international levels, and organizations which are informal associations as well as those which are formally constituted and registered; it includes groups whose basic purpose is advocacy as well as those which are primarily operational; and it includes community-based organizations—which may or may not be legally established and which are usually formed to serve the interests of their own members or communities.

Box 1. NGOs and Civil Society

The reasons for the explosion of civil society—which NGOs represent in one organized form—are varied. Many Governments have been rationalizing their economies, reducing the role of central government in the provision of services, and turning responsibility over to organizations in the private commercial and non-profit sectors. In some cases, reforms of state service provision have created the space for the emergence of NGOs in these sectors and in related dialogue with governments. Accompanying this economic reality has been the mushrooming of political liberalization in many countries, legitimizing civil action. Symbolized by events in the former eastern Bloc, these political transformations have created fertile ground for the development of a global identity for civil initiatives.

NGOs comprise a sub-set of civil society—a broader term which encompasses all associational activity outside the orbits of government or the for-profit sector. Other civil society organizations (CSOs) include trade unions, religious institutions, and academic bodies. The rapid growth of civil society and its relevance to development was a major theme addressed by governments participating in the UN's Social Summit held in Copenhagen in 1995. Although the Bank often has interactions with other CSOs, this is beyond the scope of this paper.⁴ This issue has been discussed to some degree in the context of the Bank's work on "good governance," which also examines how government policies can influence the strength of the NGO sector.⁵

³ See Good Practices note 14.70 entitled *Involving NGOs in Bank-Supported Activities* and Operational Directive 14.70 (with the same title, which it replaces).

⁴ For a further discussion, see *NGOs and Civil Society: Definitions and Classifications* (op.cit).

⁵ *Governance and Development*, World Bank, 1992; *Governance, the World Bank's experience*, 1994.

8. ***Rapid Growth of NGOs.*** Throughout the 1980s and 1990s, the increasing importance of NGOs has been evidenced by their rapid growth in numbers in most countries; the volume of grant funding for development raised or managed by them; their contributions to important development objectives (such as participation, micro-finance, health, education and targeting of vulnerable groups); and their ability to influence the opinions of decision-makers and the public.⁶ These and other factors have made NGOs increasingly important actors in the development process—and hence of increased importance to the Bank.⁷

9. ***Breadth and Diversity of NGO Sector.*** The growth of the NGO sector has been accompanied by an enormous broadening and diversification within it. Today, NGOs perform a wide variety of functions, from advocacy to service delivery and fund-raising. They pursue widely differing goals, from promoting the objectives of special interest groups to broad-based poverty reduction. And they vary greatly in skills, capacity, effectiveness and motivation. The characteristics of the NGO sector also vary from region to region and from country to country. In short, the NGO sector is not monolithic nor static, but rather diverse and dynamic.

10. ***Growth of Developing-Country NGOs.*** One feature of significant change within the sector is that developing-country NGOs are increasingly seeking a greater degree of independence from their developed-country partners who often times helped to establish them, who have strongly influenced their operational work and who frequently speak on their behalf in debate on policy issues. Developing-country NGOs, for example, increasingly seek opportunities to address international fora on their own behalf, rather than be represented by their developed-country counterparts, and to have more say in directing the latter's advocacy. By the same token, developed-country NGOs increasingly recognize that their legitimacy lies in the fairness with which they articulate the case of those whom they represent in the developing countries.

11. ***Advocacy Vs. Operational NGOs.*** While distinctions can be made between NGOs whose primary purpose is advocacy and those operational NGOs whose primary purpose is the creation of development programs on the ground, in reality the delineation is blurred. Most large operational NGOs have a growing advocacy arm, and most international advocacy groups have partnerships with developing-country organizations which are at least in part operational. Again, NGO characteristics cannot be too rigidly defined.

12. ***NGOs' Role in Development.*** Until the 1970s, governments tended to see NGOs' relevance in terms of their humanitarian and emergency work. Since then attention has been focused on the broader—often pivotal—roles NGOs can play in participatory development, including targeting the poor and vulnerable minorities, giving voice to women at all levels of society, working with vulnerable children, stakeholder consultations, local-level research, micro-credit, conflict resolution, post-conflict reconstruction, tackling urban or domestic violence,

⁶ Adele Woods, *The Facts About NGOs Active in Sustainable Development*, OECD Development Centre, Paris, 1998 (draft, OECD).

⁷ This evolution and the implications for the Bank are described in "NGOs and the Bank," (*op. cit.*)

strengthening mechanisms of governance, legal and human rights, and a variety of other functions. As the Bank has come to focus more strongly on results-oriented poverty reduction, partnership with organizations which can effectively meet these development needs has become increasingly important.

B. The Bank's Working Relationship with NGOs

13. The Bank adopted its first *Operational Policy Note on NGOs* in 1981. Since then, instructions have been issued guiding operational collaboration and other forms of interaction, subject to the host government's own policies regarding NGOs. The Bank's approach to NGO relations has been elaborated in a range of policies and operational guidelines including those centering on poverty, gender, indigenous people, resettlement, environmental assessment, environmental action plans, forestry, information disclosure; and in a number of key speeches by senior management.⁸ A status report is provided in the Social Development Update⁹, being prepared for Board review.

14. ***Growth of NGO Involvement in Bank-supported Projects.*** While there were examples of NGO involvement in Bank activities in the 1970s, collaboration really only began to grow significantly in the 1980s, especially in the social and rural sectors. Most of this collaboration was with NGOs from developed countries. By 1990, NGOs were involved in about 12 percent of projects being implemented. Today, NGOs are involved in 38 percent of active projects; and in FY97, 47 percent of all approved projects involved NGOs to some degree. The majority of these NGOs are now from the developing countries.¹⁰ It must be stressed, however, that these statistics count the number of projects in which there is *any* NGO involvement. Often the NGO aspect is no more than a consultation or involvement in a minor aspect of implementation. Though the statistics (derived from analysis of Staff Appraisal Reports) say little about the depth of NGO involvement, it is clear that this, too, has been growing over the years.

15. ***Stage of NGO Involvement in Bank-supported Projects.*** The stage at which an NGO becomes involved in a Bank-supported activity and the nature of that involvement varies widely from project to project. It depends on the relationship between the NGO and the borrower

⁸ Since 1983, the Bank's evolving work with NGOs has been described in an "Annual Report on Cooperation between the World Bank and NGOs." Since 1986, these reports have been sent to the Board for information. For a fuller description of this evolution see Ibrahim F. I. Shihata, "The World Bank and NGOs" in *The World Bank in a Changing World*, 1995. A list of World Bank policies and procedures which include specific reference to NGO issues is provided in Annex 1 of *Working with NGOs: A Practical Guide to Operational Collaboration Between the World Bank and NGOs* (Operations Policy Department, 1995).

⁹ "Social Development Update: Making Development More Inclusive and Effective" (Draft - February 1998).

¹⁰ For further information, see Cooperation Between The World Bank and NGOs: FY96 Progress Report (August 1997) and the provisional FY97 Annual Progress Report attached (Appendix). Geographical and sectoral distribution of projects involving NGOs is consistent with recent years. NGOs are involved in 84 percent of South Asian projects approved in FY97; 61 percent in Africa and 60 percent in LAC. Agriculture, Education, Population Health and Nutrition (PHN) and Social projects comprise the most NGO participation, although there has also been some more recent involvement of NGOs in Industry and Infrastructure projects.

government, the type of project, the characteristics of the NGO, and other factors.¹¹ However, there has been an increasing tendency towards involving national and local-level NGOs, and towards earlier NGO involvement, as governments have sought to tap the local knowledge which certain NGOs have to offer during the project design stage. In 1990, NGOs were involved in only a handful of projects at the design stage; by FY97, of all approved projects involving NGOs, 60 percent began in the design stage.

16. ***Increasing NGO Involvement in ESW, CAS Process, and Policy Formulation.*** NGOs are also frequently involved in Economic and Sector Work (ESW)—through input into Poverty Assessments, National Environmental Action Plans, and other analyses of social issues.¹² NGOs are involved in an increasing number of Country Assistance Strategies (CASs) in which governments and the Bank have sought the participation of civil society.¹³ In addition, NGOs have been involved in national-level debates on policy issues such as gender, the environment, forestry, and economic development. The Bank has often played a “convening” role in this process—bringing together governments, donors, and NGOs to discuss development issues of mutual concern.

17. ***Expanding Role of Operational Units in Building NGO Relations.*** Going beyond the work of the small, central NGO Unit which was created in the mid-1980s to help coordinate and strengthen the Bank’s relations with NGOs, the Country Departments and Regional operational units have played a key role in this evolution—building up their knowledge of and contacts with relevant NGOs, and devising appropriate fora for policy dialogue.

18. ***Increasing Role of Resident Missions in Building NGO Relations.*** In particular, considerable importance has been placed over the last few years on strengthening Resident Mission capacity to engage local NGOs in effective collaboration. There are now 37 specialist staff in Resident Missions—virtually all hired locally—whose primary responsibility is NGO/Civil Society work; and there are 26 more staff in Resident Missions who focus on NGO/Civil Society matters alongside other responsibilities.

¹¹ See I. Shihata (op. cit.), and *Working with NGOs* (op. cit.). Involvement in the project cycle includes the design and analysis stage (including studies, public consultations, environmental and other assessments and providing advice), co-financing (including mobilizing community contributions), implementation (including provision of services, promoting community participation, acting as a financial intermediary especially regarding social funds, public information/education campaigns, management and other technical services, and implementation of complementary activities), and monitoring and evaluation (including participatory evaluation, independent monitoring, and NGO staff serving on evaluation missions).

¹² See *Is Local Knowledge Legitimate? Influencing Policy Through Participatory Poverty Assessments*, C. Robb, 1997; this describes the experience so far with participatory poverty assessments, which normally include a major NGO role.

¹³ *Experience with Civil Society Participation in the CAS Process*, NGO Unit (forthcoming) indicates that 26 out of 47 recent CASs have included some civil society consultation, of which at least 10 were quite thorough. An earlier note (NGO Unit, February 1996) revealed that such efforts were just beginning at that time. This issue is also discussed in the forthcoming CAS Retrospective and in the forthcoming strategy paper on Partnerships. Both these papers are scheduled for discussion at the Board this Spring.

19. **Bank Provision of Funds to NGOs through Development Activities.** An increasing portion of the Bank's investment lending is channeled through governments to NGOs, notably through social funds, rural development, health, education and other social sector projects. A recent OED/NGO Unit study of 7 countries¹⁴ showed that over \$1 billion of Bank financing was allocated for disbursement through NGOs and community-based organizations in those countries in projects approved since FY85 (such financial information was only available for about one-third of the projects which cited NGO involvement). A major source of NGO funding worldwide is funds borrowed by governments from the Bank which are then channeled through NGOs. In addition, governments channel considerable sums of domestically-mobilized revenues through NGOs. The Bank also, of course, provides some direct grant-funding to NGOs for special programs.

20. **Helping to Strengthen the Development Effectiveness of NGOs.** The growing level of activity with NGOs has been driven by the need to enhance development effectiveness. Thus, there have been efforts by the Bank to assist governments, at their request, to improve the policy environment for NGOs, and to strengthen consultation among governments, NGOs and the Bank. Technical advice has been provided to governments, on request, for improving laws relative to the non-profit sector.¹⁵ The Bank also has joined a Working Group of international institutions in examining respective approaches and comparative advantages in strengthening the capacity of NGOs in developing countries to make a better contribution to development.¹⁶

21. **NGOs and Participation.** The increase in NGO involvement in Bank activities can be usefully viewed within the context of the growing emphasis which donors are placing on civil society participation in development processes. In 1994, the Board endorsed a Participation Action Plan which was the culmination of three years' inquiry and learning about improving the development effectiveness and sustainability of Bank activities through participatory development involving NGOs and other civil society groups.¹⁷ In 1996, the Executive Directors also discussed the recommendations of the Social Development Task Force which included, *inter alia*, the establishment of Regional Social Action Plans which specifically included

¹⁴ Maria Grandison, *Survey Report on NGO/CBO Financing in Bank Projects*, OED 1997. A survey of 194 projects listed as involving NGOs in 7 countries (Bolivia, Brazil, India, Indonesia, Kenya, Mali and Philippines) yielded financial information on 61 projects. These combined allocated \$1 billion for disbursements through NGOs over the lifetime of the projects (and leveraged a further \$400 million of government and donor funding). Even without taking into account the 133 projects for which data is not available in these countries, current disbursement through NGOs is probably on the order of \$100 million per annum. This group of countries accounts for 23 percent of current projects with NGO involvement worldwide.

¹⁵ This advice is provided on the basis of a draft report, entitled "Handbook on Good Practices for Laws Relating to NGOs" (ESSD Network, May, 1997) which analyzes strengths and weaknesses of laws relevant to NGOs in about 100 countries.

¹⁶ The proposal to establish an International Working Group on NGO Capacity Building was made to the Bank and other donors by NGOs of the NGO-World Bank Committee. There was general agreement that there was a need for such a forum, designed to bring together the providers of NGO capacity building programs (donors, foundations, certain developed-country NGOs) with the intended beneficiaries (developing-country NGOs). A steering committee (including the Bank) has been established and a short-term work program agreed, leading up to a conference scheduled for mid-1998.

¹⁷ *The World Bank and Participation* (Operations Policy Department, September 1994).

promoting participation at the regional level.¹⁸ The consideration of participation is now reinforced by the new Project Concept Documents and Project Appraisal Documents which require the identification of stakeholder groups and a description of their planned involvement in the preparation and implementation phases of a project. The Bank also is continuing to explore ways of promoting participation more extensively in economic and sector work, including in country assistance strategies where governments also agree to include this dimension. Progress in this area is a key issue which NGOs and donors are already flagging in the context of IDA-12; and the Board is scheduled to discuss a progress report on the mainstreaming of participation in FY2000.

C. Bank-NGO Dialogue on Development Issues

22. As recently as 1994, many NGOs were distrustful of the Bank and had organized a global campaign against its approach to development ("50 Years Is Enough" campaign). Moving from environmental concerns, the attack embraced the impact of structural adjustment programs and a development paradigm which was perceived to put economic growth above issues of equity and distribution—thus exacerbating rather than reducing income gaps between rich and poor. In some important OECD constituencies, this campaign left lingering questions about the impact and development effectiveness of the Bank's work.

23. ***Recent Efforts to Strengthen Bank-NGO Dialogue.*** In recent years, the Bank has made a concerted effort to strengthen its dialogue with NGOs and, more broadly, with civil society. The important role of the NGO-World Bank Committee should be noted here. Established in 1982, the Committee had become by the late 1980s the principal forum for structured debate on major issues of NGO concern such as adjustment and participation. In recent years, the Committee has become stronger, led by developing-country NGOs. It has also become increasingly decentralized, with emphasis on regional fora (See Box 2).

24. In addition to the work of the Committee, there have been three main components of recent efforts to strengthen Bank-NGO dialogue:

- ***First, Bank management and staff have made a much more systematic effort to reach out to NGOs in borrowing countries and to engage them on development issues.*** While earlier the dialogue with NGOs took place largely in Washington with international NGOs, the Bank and borrower governments are increasingly taking a proactive approach in organizing fora for discussing development issues with NGOs in-country. Expanding the Bank-NGO dialogue at the local level also has strengthened Bank contacts with developing-country NGOs and the dialogue has broadened to include other types of civil society organizations including trade unions, academic institutes, foundations, women's and peasants' associations, and other community-based organizations.

¹⁸ Task Group Report: Social Development and Results on the Ground, October 15, 1996

Box 2. NGO -World Bank Committee

The NGO-World Bank Committee was established in 1982 to address ways in which the Bank could increase the involvement of NGOs in Bank-financed projects. The Committee is unique due to its geographical representation, its continuity, and the independent selection process governing the NGOs which serve on the Committee. As such, it is well respected by other donors.

Since its inception, the Committee has focused on a variety of policy issues—including structural adjustment, popular participation, information disclosure, and the role of the state—and has played an important role in helping to shape the Bank's thinking in these areas. Influenced in part by the Committee, the Bank has substantially increased its interaction with NGOs both at an operational and policy level. Many departments of the Bank now have fora for dialogue with NGOs on specific policy issues including environment, gender and private sector development. In addition, the Bank has national level Bank-NGO fora in a number of countries, usually serviced by the Resident Mission NGO Specialist.

Reflecting this evolution, the Committee has changed in two ways: firstly, it plays an overview role, helping guide the Bank's relationship with NGOs and assessing its strengths and weaknesses. Secondly, it has begun a decentralization process. Over the last two years, a major part of the Committee's work has been regional meetings in Africa, Asia and Latin America. This is now being formalized by the creation of regional committees, each co-chaired by an NGO from the Region and the Bank's Regional Vice President. The global forum is being scaled back in size to a smaller, more strategic steering committee, co-chaired by the Vice President of the ESSD Network.

- ***Second, the Bank has established an expanded array of specific fora for in-depth discussion with NGOs and others on topics of mutual concern*** (e.g. gender, participatory development, forestry, impact of structural adjustment, micro-finance, social funds and impact of privatization). These fora are increasingly important mechanisms for ensuring that civil society concerns are considered during the drafting and implementing of new policies. The External Gender Consultative Group is one example. This group, formed after the Beijing World Conference on Women, comprises 14 members of women's organizations from around the world, and meets annually with the Bank to provide guidance in mainstreaming gender issues in the Bank's work. Another important forum for debate with civil society is the Structural Adjustment Participatory Review Initiative which is designed to bring civil society, governments and the Bank together to review the impact of adjustment programs in a range of countries (see Appendix, page 12). The increasing knowledge of civil society in Resident Missions and their enhanced capacity to engage with NGOs at the local level has enabled the Bank to become clearer about those NGOs which have relevant development capabilities and experience; those which are truly representative of the poor; and those which would not be appropriate partners.
- ***Third, the Bank has greatly intensified its efforts to work with NGOs, particularly in the developed countries, to build the public constituency for its own work – and for development assistance in general.*** NGO criticisms of the Bank combined with increasing public ambivalence toward development assistance—particularly in many

OECD countries—added to the urgency of identifying shared objectives which can be acted upon collaboratively. The Bank's increasing willingness to provide information and generally be more open has helped significantly not only to reduce the contentiousness of the dialogue with NGOs, but also to improve the overall climate of public opinion around the Bank's work.

III. LESSONS OF EXPERIENCE

25. The fundamental premise for the Bank's work with NGOs is to help our borrower countries reduce poverty and achieve sustainable development. To meet this goal, it is important to enhance stakeholder participation in and support for Bank-financed activities. Given the expansion in both the scope and frequency of NGO involvement in Bank-financed activity, it is important to make a substantial and systematic effort to ensure the development effectiveness of this relationship. This requires a more complete picture of the full array of contacts and a more systematic assessment of the benefits and costs of the various interactions.

26. The lessons of experience need to be applied in the context of emerging challenges and opportunities for Bank-NGO relations. On one hand, the increasing role of civil society—and NGOs in particular—in development issues, and the greater prominence given to participation and the social sectors in the Bank's work (areas in which many NGOs—particularly community-based organizations—have clear strengths), underscores the potential benefits to be gained from effective collaboration. On the other hand, it is essential to ensure that in-country involvement of NGOs takes place within the framework of the Bank-borrower dialogue, not independent of it; and to ensure that the time and effort invested in NGO relations serves the Bank's basic business goal—poverty reduction and development effectiveness. This is especially important in light of the Bank's renewed emphasis on quality, cost-effectiveness and results on the ground.

A. Experience with NGO Involvement

27. Based on various Bank reports, project documentation, and numerous communications from staff and managers, there is a good deal of evidence of how NGO involvement has benefited specific Bank's operations.¹⁹ Some of these benefits have included:

- *Enhancing the Bank's capacity to target and involve poor and vulnerable groups in the projects and programs it supports, and achieve gender equity;*
- *Improving the sustainability and effectiveness of projects by fostering beneficiary participation, mobilization of local resources, and strengthening of local institutions;*

¹⁹ Some of the major references which analyze specific NGO contributions to projects include: Shihata (op. cit.); *Working with NGOs*; *NGO-World Bank Partnerships: A Tale of Two Projects*, Toshiko Hino, 1996; *NGO Involvement in World Bank-financed Social Funds: Lessons Learned*, Carmen Malena, 1997.

- *NGOs serving as effective conduits of “local knowledge”—which is valuable at the design stage—with NGOs that have skills in participatory research;*
- *Using the local knowledge acquired by NGOs to provide new opportunities for scaling up operations, while respecting local realities;*
- *Using the willingness and flexibility of NGOs to pilot new initiatives and test innovations in design and implementation;*
- *Providing training and expertise through NGOs to many community-based initiatives and helping with education and communications; and*
- *Providing services at generally—but not always—lower financial cost than public institutions.*

Box 3 and the annual NGO Progress Reports (prepared by the NGO Unit), as well as the sources referenced, provide some illustrations of the benefits of NGO involvement in Bank-supported activities, but data are limited.²⁰ Sometimes the expected benefits of collaboration do not materialize—and that there can also be costs and disadvantages to NGO involvement (see para. 30). Some of these benefits can, of course, similarly be sought in partnerships with private sector organizations. OED is currently working on a study of projects involving NGOs in 5 countries which will assess both the costs and benefits of their involvement. This study is expected to be completed in mid-1998 (see Box 4).

28. **NGO Impact on Project Performance.** Analysis of the Annual Report on Portfolio Performance (ARPP) indicates a possible correlation between NGO involvement and reduced risk of poor project performance. Since the mid-1980s, the NGO Unit has analyzed Staff Appraisal Reports and Project Appraisal Documents to assess which projects approved in each fiscal year involve NGOs in one or more stages of the project cycle. A comparison of this database with ARPP statistics for FY96 shows that for projects in the sectors where NGO involvement is most established and most frequent (agriculture, health, nutrition, and other social sectors), 26 percent of projects with NGO involvement are categorized as “at risk” compared with 45 percent of projects without NGO involvement. A comparison using FY97 ARPP data shows a similar pattern (though narrower due to a steep improvement in the overall portfolio); for the equivalent cohort of projects, 26 percent of those with NGO involvement were at risk compared with 31 percent of projects without NGOs.

²⁰ The Bank is not alone in finding its data on NGO impact and cost effectiveness lacking. This is also a finding of a major study commissioned by the OECD/DAC Expert Group on Aid Evaluation (*Searching for Impact and Methods: NGO Evaluations Synthesis Study*, November 1997). This study surveyed evaluation reports of the bilateral agencies and although these were largely positive about NGO involvement, they relied on qualitative assessments, personal judgments, or focused on recorded outputs rather than development outcomes.

Box 3. Examples of Benefits of NGO Involvement in Bank-Assisted Projects

Activity	Role of NGOs	Outcome
Mongolia: Poverty Alleviation and Vulnerable Groups Project (FY96)	• Build government and community capacities • Extend geographical outreach and provide targeting of project benefits.	International NGOs are providing training to local government officials in poverty awareness. Local NGOs assist in identifying the absolute poor population in mobilizing and training CBOs within vulnerable group organizations (VGOs). The NGOs, CBOs and local government are jointly developing subprojects, based on priorities identified by communities.
India: Sodic Lands Project (FY93)	• Develop income generating capacity of the poor • Encourage sustainability of Bank investments	Indigenous NGOs worked with Local Development Councils to provide training to communities in planning and self-management, and to mobilize local Water User Groups. By the end of FY96, 5,225 such groups had been formed, and have taken over responsibility for basic planning, implementation, maintenance and evaluation of the project. Moreover, 1,500 of these groups have started savings and income generating activities. Among families associated with the project, and 491 Women self-help groups have been formed.
Senegal: Traditional Energy Project (FY97)	• Disseminate information and develop national interest around development agenda • Ensure affected people remain at center of implementation	International and local NGOs have been key in developing national interest in the utility of traditional energy sector - which accounts for approximately 80% of energy production, but had received little investment from private sector or government. NGOs are providing training and technical expertise in the decentralization of responsibility for resource allocation to rural communities, and in using the proceeds from traditional energy production for investment in health centers, schools and rural infrastructure. Through NGOs, the project has also managed to involve marginalized groups, especially women, as active participants.
Kyrgyz Republic: People's Based Development Pilot Project (FY97)	• Mobilize and provide training to local communities to help manage local environment management programs	Under the project, both national and locally based NGOs play an important role in training in environmental sanitation, local environmental management and consciousness raising. Over 70 NGOs are now involved in providing capacity building activities in areas of water supply and sanitation, afforestation, and local management of resources. The project is operating in 50 communities which are acting as demonstration areas for the country.
Indonesia: Jabotabek Urban Development Project (FY92)	• Build local capacities and promote sustainability of locally managed sanitation services	An International NGO was contracted to develop the Kampong Improvement Program in the most densely populated of the 9 kampongs under the project. 60% of the population relied on public latrines and bathrooms or used nearby drainage canals. Through participatory process, the NGO worked with the community to develop a model facility and create a development committee with responsibility for management. Collection, transportation and disposal of wastewater and sewage are now managed by the community.
Pakistan: Ghazi Barotha Hydropower Project (FY96)	• Help ensure that mitigating measures are appropriately planned and effectively implemented • Minimize delay of project implementation through providing access to information for people affected by the project.	The project's early consultations with NGOs, the formation of an Independent NGO Standing Committee (made up of NGOs and the project authority) and the establishing of Project Information Centers have widened the flow of project information. As a result of the participatory methodologies introduced, there is a deeper partnership between government, NGOs and affected people.
Argentina: PROINDER - Rural Poverty Alleviation Project (FY97)	• Strengthen government capacity, expedite implementation • Provide better targeting of project benefits	NGOs provided training which has improved the technical capacity of local governments jointly implementing the project. The participatory approach in design established a consensus which enabled the project to move swiftly to disbursement. Two audits—one internal and one external—found that involvement of NGOs resulted in better targeting of the rural poor.

Box 4. OED's Forthcoming NGO Study

In mid-1998, the Operations Evaluation Department (OED) is expected to complete a study of the contribution of NGOs to development effectiveness in Bank-supported projects. The study is based on a review of Bank-wide data and case studies of five countries: India, Kenya, Mali, Bolivia and Brazil.

Preliminary findings suggest that Bank policy on involving NGOs in its activities is relevant and appropriate. It has led to numerous productive partnerships between governments, NGOs and the Bank. What marks these successes is Bank support for a positive NGO contribution in the borrowing country; building project components based on the comparative advantage of NGOs; early involvement of NGOs in project identification and preparation; knowledgeable and supportive Bank staff who are increasingly present on the ground; and creative work to make government and Bank procedures function flexibly.

Preliminary findings also suggest, however, that NGO partnerships do not always lead to successful outcomes. While NGOs in all their various forms are numerous, the number with proven development capabilities and a willingness to work closely with governments on a meaningful scale—essential in most Bank-supported projects—remains small. This and other factors has led to skepticism among some borrowers and Bank staff about the role of NGOs in Bank operations. For some borrowers, NGOs are viewed more as critics than as potential partners. For some Bank staff, NGOs are seen as adding demands on their time without corresponding benefits.

Preliminary OED findings note that unfamiliarity with the NGO community has sometimes led to over-optimism about what NGOs can realistically contribute. NGOs are often looked at too uncritically as “the answer” to the challenge of participation or to complex problems associated with reaching the grassroots. OED also finds that too little preparation is done before projects are approved to ensure that relevant NGOs can become active partners once projects are approved; and only rarely do government and Bank procedures for contracting, procurement, and the transfer of funds to NGOs work smoothly. Sustaining NGO involvement when projects are completed is another widespread problem; many NGO activities are often not financially self-sustaining.

29. **Next Steps.** It must be emphasized that the factors relating NGO involvement to project performance have not been systematically researched—and this is an important topic for further inquiry. Among other things, the Bank needs to develop the baseline data that would permit it to track with more sophistication the effectiveness of NGO involvement, and indicators that would enable it to assess the contribution of NGOs within the framework of our mandate of poverty reduction. Such analysis of the benefits and costs should then systematically be disseminated to help staff work more effectively with NGOs. A number of efforts in this direction are underway:

- *As previously mentioned, work in assessing the benefits and costs of working with NGOs is already being carried out by OED; the NGO Unit, the PREM Network, and the Quality Assurance Group are also undertaking efforts in this regard;*
- *The Knowledge Management System is being enhanced to incorporate lessons learned—and a Sourcebook on operational collaboration is being developed;*
- *The LLC and NGO Unit are developing plans for relevant training modules;*

- *The Bank is part of a new UN-wide process to share experiences and compare modalities and procedures in operational links with NGOs; and*
- *The Development Assistance Committee of the OECD provides a forum for sharing of methodologies and experience, for example, in the evaluation of the costs and benefits of collaboration with NGOs.*

B. Constraints and Costs

30. NGOs are widely variable and some can face considerable constraints, including:

- *limited financial, analytical and management expertise;*
- *limited institutional capacity;*
- *a gap between stated mission and operational achievement;*
- *low levels of self-sustainability;*
- *lack of inter-organizational communication or coordination;*
- *and limited expertise in economic or development issues.*

There is already a good deal of evidence to suggest that these constraints can translate into substantial “costs” for both the Bank and its borrowers (see Box 4). It is also clear that assessing NGO contributions to development effectiveness in Bank-supported operations is not straightforward. More work in assessing these matters and how to address them is needed. The afore-mentioned International Working Group on NGO Capacity Building (para. 20) provides a forum to discuss such issues with other agencies, foundations and NGOs.

IV. EMERGING ISSUES

31. The Bank’s outreach to NGOs, the increased interaction on dialogue at the operational level, and new programs such as the HIPC debt initiative, have all helped to create a new and stronger context for Bank-NGO relations. To be sure, there remains a good deal of skepticism within the NGO community towards the Bank; but there is also no question that NGOs today are much better informed about the Bank, there is greater diversity of NGO opinion about the institution and, in general, the dialogue is characterized more by a desire to seek convergence rather than confrontation, particularly at the local level. At the same time, the increased level of interaction with NGOs has raised concerns among some borrowers about how quickly the Bank moves to involve NGOs in its operations and in the policy dialogue, and about whether the Bank takes sufficient care in the identification of NGOs with which it relates at the country level.

32. Clearly, the main purpose of the Bank is to support governments' development programs, for which governments are firmly in the driver's seat. In supporting such programs, the Bank should not carry out activities with NGOs without government knowledge and consent. At the same time, with due respect to the prerogative of government as the Bank's primary interlocutor, the Bank has a responsibility to listen to and learn from a range of stakeholders and to make independent, professional, and well-informed judgments.

33. In terms of on-the-ground operational work, the implications for Bank-NGO relations and the involvement of governments are not generally controversial:

- General discussions between the country's NGO community, government and the Bank about development priorities is critical and the Bank has a role—where governments agree—in promoting such discussion and collaboration.
- In project design, borrowers and Bank staff should be encouraged to seek the advice of operationally experienced NGOs and other stakeholders, and in most countries this is already common practice.
- In project implementation, where NGO partners are involved, there should be a transparent process for selection.

34. More controversial, however, is dialogue on sensitive projects and policies. The Bank needs to be responsive, listening and debating with NGOs and others who forward concerns about development priorities—encouraging NGOs to raise relevant development issues and encouraging governments to let all sides be represented at the table. Quite apart from the need to learn from concerned stakeholders, the international consensus on which the Bank's continued support depends requires it to be responsive to private sector and civil society concerns about decisions that may affect them.

35. The key issue for the Bank is to strike the right balance between interacting with NGOs in order to improve the development effectiveness of its work, and ensuring that this is done within the proper framework of its relationship with its borrower governments. This raises a number of issues that need to be addressed when going forward.²¹

- (i) ***Clear Criteria for NGO Partnerships.*** Not all NGOs have interests that are relevant to the Bank's development goals, nor do they all possess the characteristics and expertise required to make a useful contribution to Bank-supported activities. Indeed, some borrower governments have raised questions (including within the Board of Executive Directors) about whether the Bank is sufficiently attentive to such issues.

²¹ These issues were discussed at the recent meeting between Executive Directors and NGOs of the NGO-World Bank Committee (October 28, 1997).

As previously indicated (para. 11), while distinctions can be made between NGOs whose primary purpose is advocacy and operational NGOs whose primary purpose is the creation of development programs, in practice the dividing lines are often blurred. Thus, improving the Bank's differentiation among NGOs in establishing effective development relationships relies on gaining better knowledge of the local country context. It also relies on careful adherence to established selection criteria, which include:

- **credibility:** *acceptability to relevant stakeholders;*
- **competence:** *relevant skills, experience, and track record;*
- **local knowledge:** *proven high-level understanding of country context;*
- **representativeness:** *community ties, accountability to members/beneficiaries, gender sensitivity; and*
- **institutional capacity:** *sufficient scale of operations, human resources, and facilities.*

Adherence to agreed procedures with regard to confidentiality, disclosure, and communication, is a further important consideration. Management plans to issue a sourcebook to staff which will, inter alia, provide guidance and good practice examples concerning the selection of NGOs in Bank-wide activities. This will draw on operational experience and NGO strategies that have been developed by the Regions.

- (ii) **Consulting with NGOs on Draft Policies:** Questions have been raised about whether consulting NGOs during the drafting stage of major policies inflates the influence of advocacy NGOs, or prejudices the Board's consideration of the issues. In most cases (e.g. forest policy, energy efficiency, and several Operational Directive conversions), the practice of seeking inputs at the draft policy stage from academic and NGO specialists in the field, together with other civil society authorities, appears to have helped improve the quality of the policy statements submitted to the Board for review and approval.²² On some occasions, however, NGOs have publicized their views on the draft and have lobbied Executive Directors and/or Ministers. Such interactions can be embarrassing and detrimental.

To address concerns on this issue going forward, when it decides that particular policy formulation would benefit from consultation with external specialists, Management plans to take the following steps:

²² The principal is to conduct open-minded consultation, not to enter into negotiation on text with external parties.

- *inform Executive Directors in writing (after Operations Policy Committee Review) about plans for external consultations on draft policies with NGOs;*
- *make available to Executive Directors, on request and for information, drafts shared with external reviewers;*
- *convey to NGOs more clearly if there is need for confidentiality or other special requirements during the consultation on draft policies—and exclude those NGOs which are not willing to play by mutually agreed rules; and*
- *at the same time, strengthen internal coordination processes through which the Bank determines its response to controversial NGO-related issues.*

(iii) **Disclosure Issues.** In terms of the consultation and exchange of information which is implicit in establishing meaningful dialogue with NGOs, some disclosure issues have emerged, particularly in relation to the CAS. The argument for disclosure of information in the CAS is that some governments believe this can help to build consensus and ownership of important development policies and programs—especially where CASs have been produced through a participatory process. Greater transparency can also enhance investor confidence. The main argument against disclosure is that to facilitate informed Board discussion and be otherwise effective, CASs must be candid in their discussions of country strategies and in presenting information which might be politically or market-sensitive. It is essential that the right balance be struck in this critical area.

To help promote this balance—and recognizing the diversity of country interests on this issue—Management plans to observe the following process:

- *where the government in question wishes to distribute the CAS, Management will propose to the Board that the Bank agree to such a request;*
- *where the government in question wishes to distribute the CAS, but is concerned about specific sections of the CAS, Management will propose to the Board that deletions be made, before distribution.*

Governments will retain the prerogative, of course, of deciding not to distribute a CAS. The issue of CAS distribution will be further explored in the context of the CAS Retrospective paper to be discussed by the Board in the Spring of 1998.

- (iv) **Funding Issues.** As previously indicated, through its lending operations, the Bank is already (indirectly, via governments) a substantial source of funding to NGOs (this includes the financing of project components implemented by NGOs). Some funding is also provided through the administrative budget when NGOs are used as advisors on ESW, for example. In addition, there are a variety of instruments which permit a limited amount of direct grant-funding of NGOs including the Development Grant Facility (DGF), the Consultative Group to Assist the Poorest (CGAP) and the GEF Small Grants Fund (administered by UNDP). Given the expanding relationship with NGOs, however, the question of whether *additional* funding mechanisms may be required has been raised.

The Bank's objective, of course, is not to fund NGOs, as ends in themselves, but rather development activities to which NGOs might be able to make a valuable contribution. In that context, Management believes there is already adequate capacity through which funds can be delivered to NGOs within the framework of normal operations and on a case-by-case basis—including through the DGF which has the capacity to support increased partnerships with NGOs and, more broadly, civil society. Management is also of the view that further work needs to be undertaken to assess the impact of *current* Bank funding that is delivered to NGOs through the Bank's support for development activities. In addition, the Bank needs to do more to develop partnership strategies with other institutions and donors which have a comparative advantage in funding NGOs—and thus help to leverage up the overall development effort. It is therefore proposed that this topic be explored further in the context of the Partnerships Paper to be discussed with the Board in the Spring of 1998.

V. CONCLUSIONS

36. The last two decades have laid the foundation for the Bank's work with NGOs. The discussion in this paper concludes that the Bank should take an encouraging stance towards NGO involvement in projects, the policy dialogue, and CASs, while fully respecting the right of governments to draw the line on specific activities.

37. However, more work needs to be done to help develop the Bank's approach to the role of civil society in development—moving beyond the traditional range of NGOs. First steps in this direction will be taken in the context of the paper on Partnerships Strategy, referenced previously.

38. It is to further enhance the contribution which effective Bank-NGO relations can make toward poverty reduction and sustainable development—the Bank's overarching goal—that Management seeks Executive Directors' comments and guidance on the issues (i-iv) raised in para. 35 of this paper.

Cooperation between the World Bank and NGOs Provisional FY97 Progress Report

**NGO Unit
Social Development Department
February 1998**

I. INTRODUCTION

The annual report on Cooperation between the World Bank and NGOs has been produced by the NGO Unit for the past 15 years. It provides an overview of the Bank's work with NGOs to Bank management and staff, NGOs, interested government agencies, and the development community. The following report is a review of the Bank's experience working with NGOs during FY97. Its main message is that, in order to better understand the needs and priorities of local populations and to ensure that these are reflected in Bank-financed development operations, the Bank has intensified its relations with NGOs and other civil society organizations.

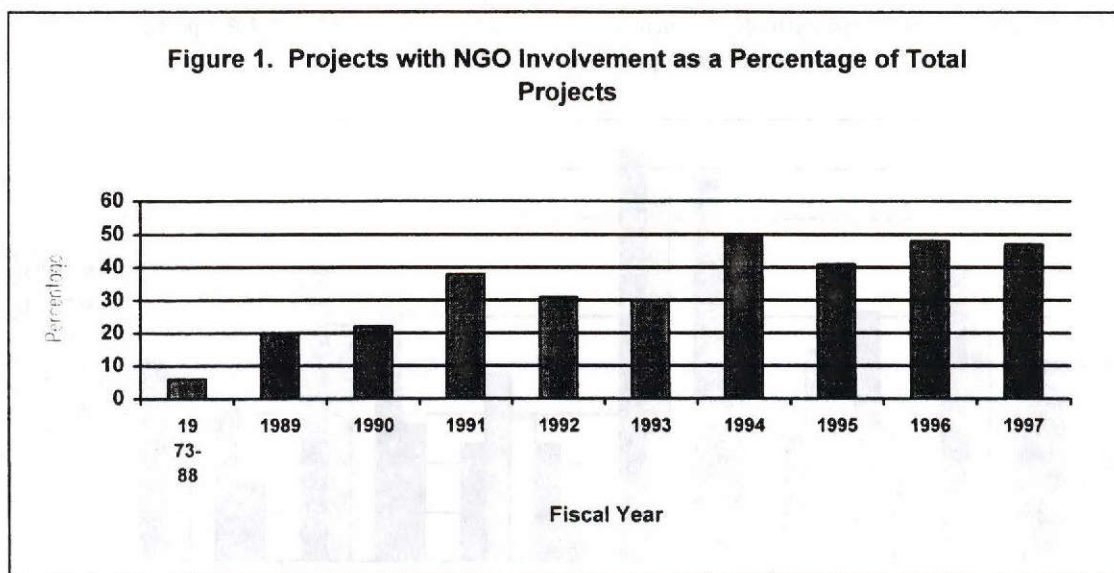
The Bank continues to follow the three-pronged approach set out in "NGOs and the Bank", 1996: strengthening operational collaboration; improving dialogue on development policy; and helping improve the effectiveness of NGOs in developing countries, especially by fostering a more enabling policy environment in which they are able to flourish and play a healthy, active role in development. A considerable effort has been made to enhance the emphasis on relations with developing-country NGOs at the local level. This is in keeping with the Bank's current decentralization process.

II. OPERATIONAL COLLABORATION

Quantitative Summary of Bank-NGO Collaboration in FY97

Since the mid-1980s the World Bank has made significant effort to deepen its collaboration with, and understanding of NGOs and civil society organizations in its client countries. The number of projects approved each fiscal year that involve NGOs has increased steadily in the 1990s. The review of appraisal reports for projects approved in the fiscal year indicates - as with the previous year - nearly half of all Bank projects involved or planned the involvement of NGOs or community based organization (CBOs). Of the 241 projects approved by the Board, 112 (47%) had involved or would involve NGOs to some degree. As greater numbers of projects with NGO involvement are approved each fiscal year, the proportion of such projects in the total portfolio is rising. At the end of FY97, 38% of all active projects involved NGOs, up from 35% at the end of FY96. (See Figure 1).

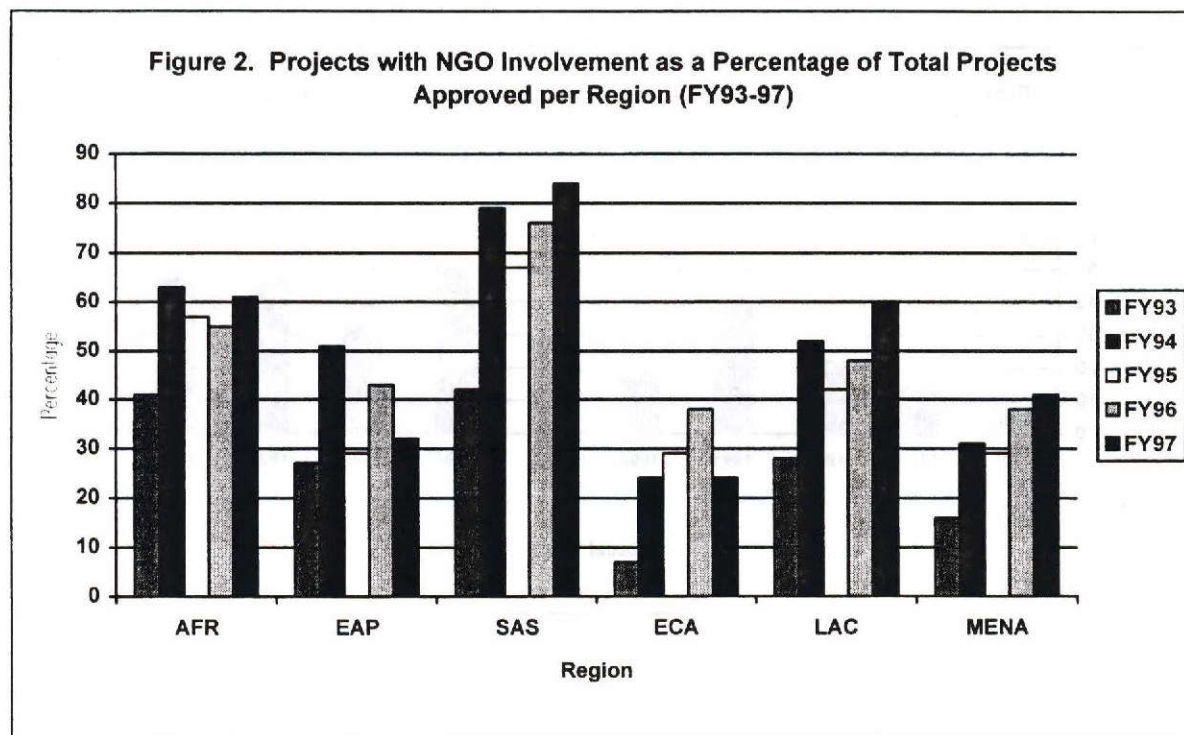
Figure 1. Projects with NGO involvement as a Percentage of Total Projects (FY73-97)



a) Regional and Sectoral Trends

The distribution of Bank projects involving NGOs by region has remained consistent over the past several years. The greatest proportion of such projects continues to be found in the South Asia, Africa, and Latin America and Caribbean (LAC) regions. In FY97, projects involving NGOs approved in these regions accounted for 84%, 61% and 60% of the portfolio respectively. (See Figure 2).

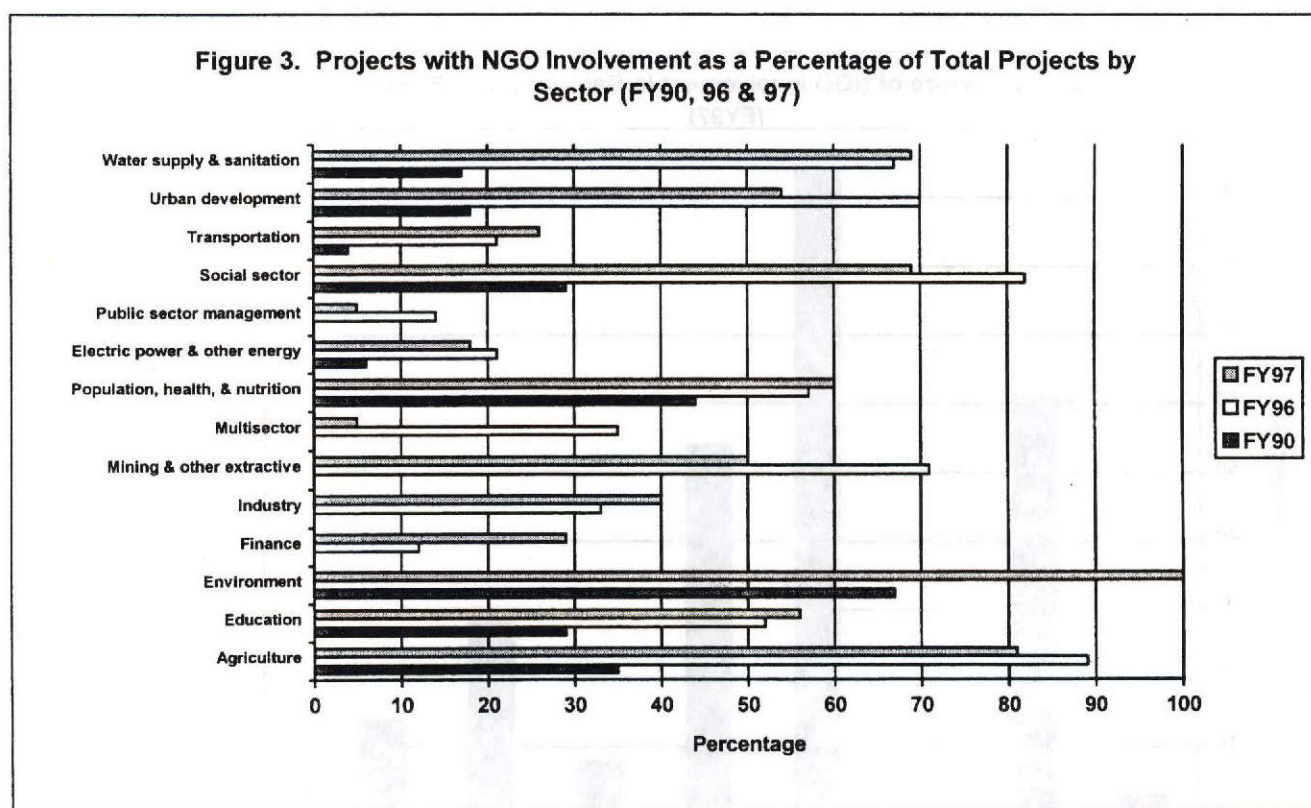
Figure 2. Projects with NGO Involvement as a Percentage of Total Projects



Similarly, the Agriculture, Education, Population, Health and Nutrition (PHN) and Social sectors - where NGO involvement has been traditionally more prevalent - continue to represent the highest proportions of projects with NGO involvement. Figure 3 illustrates the percentages of total projects with NGO involvement *by sector*. Eighty-one percent of all projects in Agriculture involved NGOs, while 56%, 60% and 69% did so in the Education, PHN and Social sectors respectively. In recent years, the area of Water Supply and Sanitation (WSS) has seen significant growth in the involvement of NGOs, and particularly CBOs. These organizations participate in the design, operation and maintenance of community-level activities, and often assume responsibility for and ownership of them during the life of the project. Eighteen percent of WSS projects involved NGOs in FY90, whereas 66% and 69% did so in FY96 and FY97. Each of the 12 projects in the environment sector provided for the involvement of NGOs to some extent.

It is also worth noting the greater involvement of NGOs in sectors where this was not previously typical. Figure 3 demonstrates an increasing trend in the transportation and urban development sectors - 26% and 54% respectively - where NGOs are now often included to help mitigate possible negative aspects of the projects.

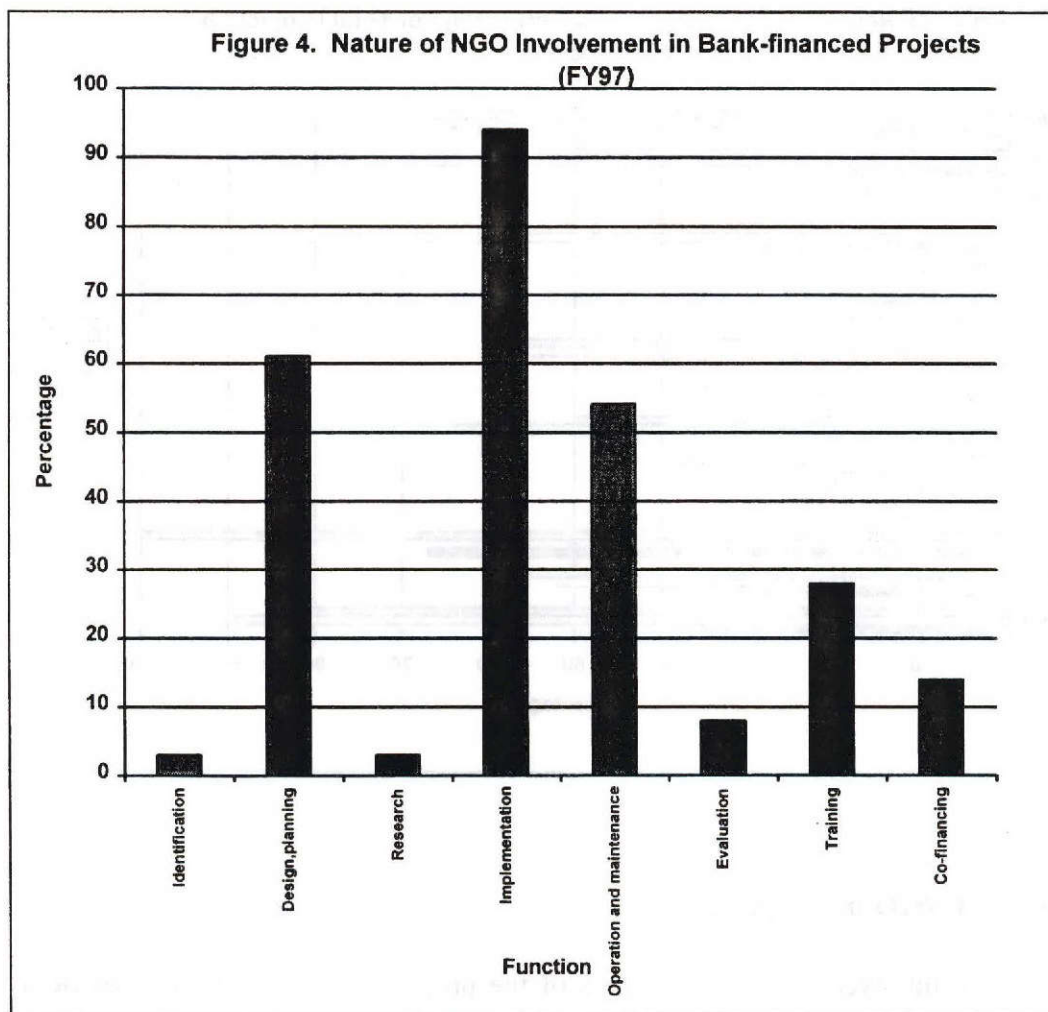
Figure 3. Projects with NGO Involvement as a Percentage of Total Projects by Sector



b) Nature of NGO involvement

NGOs are involved at different stages of the project cycle and often provide a clear advantage in their ability to represent needs, priorities, and concerns of project beneficiaries. Historically, NGO involvement has been most prevalent during project implementation, and in the operation and maintenance (O&M) of project components or investment activities. This is reflected in Figure 4, which illustrates that 94% and 54% of projects involving NGOs do so in the implementation or O&M stages respectively. Further, the more recent trend of increased upstream involvement of NGOs in project preparation over the past several years is reinforced in FY97. This year, 60% of NGO involvement was initiated during the *design stage*, up from 42% in FY96.

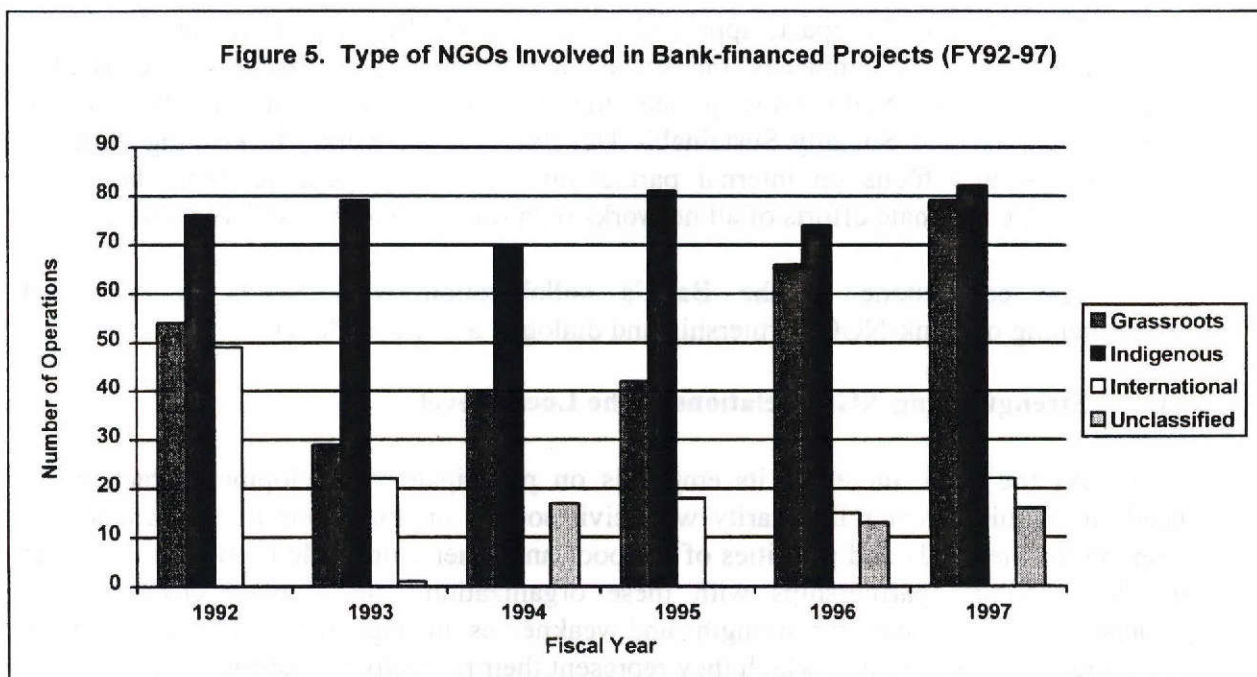
Figure 4. Nature of NGO Involvement



c) Type of NGO

To emphasize local knowledge and participatory development, the Bank has placed greater importance on involving *national and local-level* NGOs in its work. Figure 5 illustrates this trend, and indicates that 82% of all projects involving NGOs included local NGOs in FY97. The involvement of *community based organizations* has shown a particularly marked increase. This fiscal year, 79% of NGO-involved projects included newly created or existing CBOs, up from 66% in FY96. Moreover Bank operations are increasingly including *both* CBOs which represent local priorities and concerns, and intermediary organizations with technical experience in the relevant sector. In FY97, 59% of NGO-involved projects, incorporated both CBOs and formal NGOs (either national or international NGOs), up from 49% in FY96.

Figure 5. Percentage of Projects Involving NGOs by Type



d) Annual Report on Portfolio Performance

As NGO involvement becomes more prevalent in Bank operations, there is greater interest in identifying means to evaluate NGO effectiveness and impact on project performance. One measure is through analysis of the Annual Report on Portfolio Performance ratings. The total set of projects which involved NGOs in FY97, fared slightly better than those that did not (26% to 28% "at risk" respectively). It is interesting to note that the portfolio as a whole fared better in FY97. At the end of the fiscal year, 26% of the Bank's projects were identified to be "at risk" - down considerably from 32% last year.

As was the case in FY96, the contribution of NGOs to project effectiveness is more visible in the agriculture, PHN and social sectors. Of the total projects in these sectors, 26% of those which involved NGOs were found to be at risk, as compared to 31% of those that did not. Although this spread is less pronounced than in FY96 (26% to 45%), this is most likely due to the improvement in the portfolio as a whole. When Water Supply and Sanitation projects - which have illustrated strong growth in the involvement of NGOs in the past three years - are added to this aggregate in FY97, the figures illustrate further the reduced risk of those projects with NGO involvement compared to those without (26% 36% at risk respectively).

Promoting Bank-NGO Collaboration

The Strategic Compact, approved by the Bank's Board of Directors in March 1997, placed a new emphasis on social development. As part of the Bank's reorganization, the NGO Unit joined the Social Development Family, in the Environmentally and Socially Sustainable Development Network. In keeping with the network system's focus on internal partnership, an NGO Thematic Team has been developed to coordinate efforts of all networks regarding Bank-civil society relations.

The cornerstone to the Bank's collaboration with NGOs is continued strengthening of Bank-NGO partnership and dialogue at the field level.

a) Strengthening NGO Relations at the Local Level

As the Bank increases its emphasis on participatory development practices, it needs to acquire greater familiarity with civil society organizations that articulate and respond to the needs and priorities of the poor and other vulnerable groups. In order to develop effective partnerships with these organizations, the Bank needs to better understand their comparative strengths and weaknesses, management and implementation capacities, and the extent to which they represent their respective constituencies.

In order to *guide and facilitate* the growing interaction between the Bank and civil society organizations, NGO Specialists have been appointed in Resident Missions. Local knowledge of the NGO sector is essential in order to build strong partnerships which will contribute most effectively to participatory development, poverty reduction and social inclusion. The NGO Specialists have grown to represent a considerable proportion of the Bank-wide Social Development Family. Since the earliest appointments in 1995, the number of NGO Specialists has increased. At the end of FY97, 62 Resident Missions had staff specifically assigned to work with NGO/Civil Society issues.

Although regions use titles ranging from NGO Specialists (Africa), Social Analysis & NGO Specialists (LAC), Community Development Specialists (Asia) to External Affairs Officers (ECA), at least one primary responsibility of these staff members is to encourage regular and systematic communication, collaboration, and dialogue with NGOs and other civil society organizations at the local and regional level. In addition to facilitating consultation and collaboration with NGOs in many Bank financed projects, NGO Specialists have also played a crucial role in involving civil society in the CAS process, and in Economic and Sector Work. Through numerous initiatives, NGO Specialists have also helped governments to develop fora for government-NGO-Bank dialogue on policy issues and to identify ways to improve their relations with NGOs.

NGO Specialists Learning Forum

An important contribution to the strengthening of Resident Mission capacity to engage with and learn from civil society in client countries was the NGO Specialist Learning Forum held in Washington in May, 1997. The Forum, organized by the NGO Unit, brought together for the first time 47 staff working primarily on NGO issues in the various Resident Missions around the world. The Forum was designed to enhance the technical capacities of the Specialists as well as to provide an opportunity for them to meet as a professional community. They also had the opportunity to meet with Executive Directors and senior management. In his meeting with the Specialists, President Wolfensohn listened to their ideas, successes and frustrations, commended them on their work, and reinforced the essential nature of their role in ensuring targeted, sustainable development that addressed the needs of the poor.

b) Social Investment Funds

Since the success of the first Social Investment Fund in Bolivia in the late 80s, the Bank has been working with borrower governments to utilize the social fund model as a mechanism for financing small-scale, demand driven and participatory development projects in client countries.

The first conference on Social Investment Funds was held in May 1997, and was organized through the joint efforts of the NGO -World Bank Committee, several NGOs and foundations, and EDI, the Quality Assurance Group, and the Poverty and Social Policy Department within the Bank. The purpose of the SIF Conference was to bring together practitioners of Social Funds to take stock of the experience in implementing such programs over the past decade; establish consensus around their main achievements, weaknesses and risks; agree upon a number of recommendations for improving existing programs and the design of future programs, and to facilitate the integration of international and regional networks of social funds. In preparation for the conference, a paper on impacts of Social Funds was prepared by the PREM Network. The aim of the Social Fund Portfolio Review was to assess the factors influencing quality at entry and to review the experience of implementing Bank-financed Social Funds. The review found that in order for Social Fund sub-projects to realize their potential development impact and reach sustainability, conditions need to be in place to ensure that those sub-projects are demand-oriented, owned by the communities during design, implementation and maintenance phases, and that appropriate institutional and financial arrangements are put in place to sustain the benefits.¹

¹ Portfolio Improvement Program Review of the Social Funds Portfolio, May 1997. (PREM)

The NGO Unit paper, *“NGO Involvement in World Bank-Financed Social Funds: Lessons Learned”* was published in May 1997. It reviews the Bank’s experience involving NGOs in SIFs. The paper found that while not an end in itself, NGO involvement in social funds generally helps to ensure that the conditions mentioned above are realized. The paper identifies issues encountered as well as lessons learned in the design and implementation of SIFs, and as such provides a useful tool to both Bank staff and NGOs involved in Bank-financed social funds.²

c) **Small Grant Funding**

The Bank’s Small Grants Program (SGP) is a small grant-making fund now managed out of the Social Development anchor. It was previously financed by the Special Grants Program and now comes under the Development Grants Facility. Its purpose is to provide institutions (including NGOs) in developing countries with funds for promoting dialogue and dissemination of information about international development. In FY97 a total of 60 grants were awarded, ranging in size from US\$10,000 to US\$30,000. Significantly almost one third of these were in the ECA region.

Examples of FY97 Small Grantees

- In Macedonia, the CENTER FOR ENVIRONMENTAL LAW AND PUBLIC PARTICIPATION (CELPP) was funded to help finance the publication of a Training Manual on “Public Participation in the Decision-Making Process as a Tool for Involving NGOs and citizens in the implementation of the National Environmental Action Plan (NEAP).” In cooperation with academia, students, and other NGOs, CELPP aims to facilitate public participation in the implementation of the NEAP by publishing a training manual on the subject. The Center is particularly interested in requirements for public notices of proposed regulations, periods for public comment, and the procedures for both; freedom on information for governmental activity and industrial pollution reports; and, the clarification of laws on local authorities.
- An environmental NGO in Guatemala, FUNDACIÓN PARA EL ECODESARROLLO Y LA CONSERVACIÓN (FUNDAECO) was funded to help finance the start-up costs of a television project entitled “Information and Public Education on Environmental Issues: ‘Eco-News’.” FUNDAECO believes that the low level of environmental awareness in Guatemala is the fundamental cause of environmental degradation and principal obstacle to efforts to address the problem. The proposal aims to support information, education, and environmental awareness through the production of five-to-ten minute television segments of “Eco-News” on subjects such as deforestation; environmental pollution and protection in industry; eco-tourism; and the activities of the environmental bodies of congress, the executive branch, and private-sector associations.

² *NGO Involvement in Bank-Financed Social Funds: Lessons Learned*, Environment Department Papers No. 052

III. POLICY DIALOGUE

NGO - World Bank Committee

Since its inception in 1982, the NGO-World Bank Committee has been providing guidance on issues related to the Bank's partnership with NGOs, and continues to be a major forum for policy dialogue. The Committee is comprised of 26 representatives of NGOs from around the world (mostly developing country NGOs), and senior Bank staff. The major areas of discussion at its annual meeting in October 1996, were participation (in particular the joint monitoring of a number of operations and ESW), Bank-NGO relations, the need for sharing experience in the implementation of Social Investment Funds (SIF) and collaboration and joint exploration in the field of NGO Capacity Building. These themes were reflected in discussions at regional-level meetings of the Committee throughout the year. Since 1993, mid-year meetings of the Committee have been held at the regional level (in FY97 in Peru, Abidjan, Nepal and Paris) in order to allow for more focused discussion on regional and country specific issues and strategies for effective Bank-NGO cooperation.

a) Africa

On August 6-7, 1997³ the Africa Regional Meeting was held in Abidjan, Cote D'Ivoire, bringing together over 51 representatives of NGO networks, NGOs and research institutes along with the African members of the NGO-Bank Committee and the Bank's Africa Region to share experience and map out a process for continued dialogue. Discussions focused on the region's renewal and on-going decentralization processes and the request by NGOs to further develop partnership in the areas of participation (especially in the CAS process), capacity building of African NGOs, and to ensure the Bank's focus on poverty alleviation. Reflecting the NGO Unit's work in the area of NGO Law, the meeting requested increased assistance in promoting an enabling environment for civil society organizations, and providing more technical assistance and good practice references on legal frameworks.

b) South and East Asia

The Asia Regional Meeting was held in Katmandu, Nepal between June 26-29, 1997 and co-hosted by ACTIONAID Nepal and PRIA India. While participation, information disclosure, and capacity building were the main topics, other discussions highlighted the need for Bank-NGO meetings at a national level every 2-3 months, for interaction with Resident Missions beyond the NGO Specialists, for databases on NGOs, for improvement of information disclosure and dissemination, greater facilitation of meaningful civil society participation in the CAS process, and recognition of the diversity of NGOs in the region. While there were points of disagreement, the meeting was a

³ Although this technically falls outside of the fiscal year, it is included here to complement the other regional meetings

constructive one which emphasized common ground. On the Capacity Building Initiative, NGOs endorsed the Committee's NGO Capacity Building Initiative, and stressed the importance of strengthening national dialogue, and guidance of the process by a regional steering group.

c) Latin America and Caribbean

The Latin America and Caribbean Regional Meeting was held in Lima, Peru from 13-17 October, 1997. Approximately 80 NGOs and 20 Bank staff attended the meetings, which were hosted by the Peruvian NGO, DESCO. The main areas of discussion were the status and implications of the Bank's restructuring, urban poverty, new challenges for economic reform in the region, participation in Bank operations and CAS, state reform and decentralization, and gender. In particular, the Regional Vice President, Mr. Javed Burki, presented an outline for the joint-study on urban poverty which had been proposed at the regional meetings in Nicaragua the previous year. NGOs provided useful feedback and additional items for research including the links between urban and rural poverty; between violence, crime and inequality; and the implications of economic globalization on both decentralization and income distribution. Mr. Burki re-committed to having Liaison Officers in all Resident Missions and a budget for translation of Bank documents, and the process for decentralization of the Bank-NGO Committee was begun. The meetings provided a valuable forum - to both NGOs and Bank staff - for discussion of a wide range of both macro and micro issues.

SAPRI

The Structural Adjustment Participatory Review Initiative (SAPRI) was formally launched in April, 1997. Its aim is to provide a framework in which the World Bank, governments and a global network of civil society organizations can come together to jointly assess the impact of structural adjustment, improve each other's understanding of policy impacts on the poor, and explore possible future improvements in economic reform programs. The SAPRI program was developed through consultations between a team of Bank staff and an NGO/civil society network led by the Development GAP, a Washington-based NGO. Seven countries originally agreed to participate in SAPRI - Bangladesh, Ecuador, Ghana, Hungary, Mali, Uganda, and Zimbabwe.

The next Global Forum is to take place in July 1998 in Washington, D.C. and will include public presentations on adjustment issues, as well as workshops on the country fora and fieldwork methodologies. Participants will include civil society and government representatives from each National Steering Committee, members of the Global Steering Committee, and World Bank staff. The Institute of Development Studies (IDS) and Action Aid have agreed to contribute to strengthening the process and field-level methodology.

Participation

At the October meeting of the NGO World-Bank Committee, it was agreed that while the Bank had made strides in developing participatory approaches (as illustrated in the 1994 World Bank and Participation Learning Group Report and the 1996 Participation Sourcebook), in practice, NGOs felt that progress is falling short of expectations. Thus in an effort to both assess the Bank's progress, and to provide guidance in carrying out such methodologies, the Committee agreed to launch a joint-monitoring exercise of participation in selected lending and ESW work. About 8 activities would be selected from across regions and sectors. The joint-monitoring process would help to identify both progress and areas of weakness - at an institutional and a skills/management level. One of the projects involved in the joint monitoring program this fiscal year is the *India Ecodevelopment project (approved FY97)*, in which the aim is to achieve an acceptable, sustainable balance between the economic and social needs of the inhabitants with conservation objectives in some of India's most environmentally sensitive Protected Areas. The project is still at the pilot stage and in some sites is controversial, but elsewhere it is already clear that NGOs with experience working with the tribal populations and conservation NGOs are playing a key role in helping the project to achieve the required balance. In the Ghir Forest, for example, in which NGOs have been actively involved in joint monitoring, teams comprising of Protected Area staff and NGOs are working with communities to help them prepare participatory "micro plans" designed to protect natural habitats by generating economically viable alternatives to encroachment and incentives for conservation.

Country Assistance Strategy (CAS)

There has been a strong trend in recent years towards consulting civil society organizations during CAS preparation. The Uganda Country Assistance Strategy provides an example of this approach. The central objective of the Uganda CAS was to set out a strategy to ensure that the benefits from the country's strong economic growth are effectively deployed for poverty reduction. The starting point for the process was the government's participatory Poverty Eradication Action Plan (PEAP), which aims to integrate poverty issues into the national development strategy. Also critical was the early involvement of the NGO Forum, made up of 600 of Uganda's most active NGOs. Based on participatory exercises held for the CAS preparations in 2 districts, extensive follow-up participatory exercises are now planned in 7 districts (financed in part by DFID - formerly ODA) in order to ascertain which strategies for rural poverty reduction would be most effective and broadly supported. Such district-level Poverty Eradication Action Plans are designed to reflect the priorities and needs of the poor populations. The involvement of NGOs and other civil society organizations has had a number of direct impacts on the CAS. For example, consultations identified possible joint action to address the leakage of government funding for social services that had been identified. The consultations also described the need for agricultural strategies to be tailored to fit regional specificity.

As the Bank continues to gain experience and develop expertise in collaborating with civil society to achieve its country-specific development goals, greater efforts are being made to identify lessons that will contribute to our understanding of NGO and civil society participation in Bank processes. In FY98 the Office of Managing Directors' CAS Retrospective will include a discussion of civil society participation.

IV. Enabling environment for NGOs and civil society

Laws Governing Non-governmental Organizations

As has been described, the Bank and borrowers increasingly seek to develop partnerships with effective and independent local NGOs because of their potential contribution to economic and social development, and their promotion of equity and social inclusion. The policy environment for NGOs and civil society varies enormously from country to country, and is a powerful determinant influencing the growth of the NGO sector. In particular, there is great variation in the framework of laws relating to NGOs in each country. Where these afford few rights or protection to NGOs, the growth and contribution of the sector can be severely hampered. To address this problem, the NGO Unit has developed a program to give best practice advice on NGO law. The Unit has been working with an international NGO - the International Center for Not-for-Profit Law (ICNL) - since 1995 to analyze existing NGO laws in over 100 countries. The result is the draft "Handbook on Good Practices for Laws Relating to Non-governmental Organizations" published in discussion draft form in May 1997, and designed to assist governments and other parties to analyze the strengths and weaknesses of existing laws, or draft more appropriate ones. Since publication of the draft Handbook, several thousand copies have been distributed through Resident Missions, bilateral agencies, foundations and NGOs.

The Handbook is already serving as a useful tool for governments and NGOs in the formulation of such laws. For example, the Handbook provided useful guidance to the joint Task Force on NGO Law in Nepal - comprising Nepali NGOs and government representatives - in formulating the newly approved NGO bill. In pursuing this work the Unit has developed partnerships with USAID, the Asian Development Bank, CIVICUS, the Aga Khan Foundation, the Rockefeller Brothers Fund, the Ford Foundation, the Commonwealth Foundation, Johns Hopkins University, and others in an effort to further the discussion and understanding, and to develop better laws for NGOs.⁴

⁴ The NGO Unit has provided technical advice and assistance in improving the laws affecting NGOs to governments and NGOs in West Bank/Gaza, Bangladesh, Mozambique, Cameroon, Madagascar, Mongolia, Pakistan and Yemen.

Capacity building for NGOs

The Bank and other donors can also contribute to an enabling environment through their efforts to strengthen the capacity of the NGO sector in developing countries. In order to address such issues the Bank together with NGOs of the NGO-Bank Committee, multi- and bi-lateral agencies and foundations are planning to establish an International Working Group on Southern NGO Capacity Building (IWGCB). The formative meeting for this initiative was held in May 1997 and was attended by more than 35 donors (bilateral, multilateral, and foundations), southern, and northern NGOs. The IWGCB will bring together for the first time the providers and users of capacity building programs to identify priorities, future strategies, and pilots to test out new approaches. Experience and lessons drawn from donors, NGOs and foundations on southern NGO capacity building are being gathered and will be presented at a conference scheduled for May 1998. These are expected to feed into the identification and prioritization of issues, and the development of a coordinated mechanism for strengthening southern NGO capacities.

V. Internal and External Partnership

Europe and Central Asia

The ECA Region has developed a regional NGO-Strategy, including an in-depth review of experience with environmental NGOs in Bank and GEF-financed projects, NEAPs and regional Environmental Programs. This work provided the basis for the Bank's participation in a path-breaking meeting between environmental NGOs, donors and the Bank in Szentendre, Hungary in May 1997. The purpose of the meeting was to initiate dialogue with NGOs and civil society organizations in Central and Eastern Europe and the newly independent states (NIS), along with other donors with extensive experience in the region. The Bank committed to participating in the Donor-NGO Working Group, established at the meeting, and is planning a piece of research to analyze the economic contribution of the NGO sector in the region.

Middle East and North Africa

The Vice President of the Environment and Socially Sustainable Network, Ismail Serageldin, represented the Bank at the Second Conference of Arab NGOs held in Cairo in May. The Conference brought together government ministries, multilateral development institutions, NGOs and associations to discuss and commit to among other things, promoting the role of Arab NGOs in human development, legislative framework for NGOs in Arab countries, building trust and confidence between the private sector, NGOs and international organizations, and issues of capacity building (management and training) in the future of Arab NGOs.

Environment

At the Rio + Five Earth Summit in March 1997, the Bank's advances in partnering with NGOs and CSOs was highlighted under the discussion of Agenda 21. In the five years since the first Rio Summit, NGO partnerships have considerably extended the reach and potential impact of Bank and GEF projects. Partnerships with scientific institutions and technically-oriented NGOs have enabled the Bank to tap new networks of expertise. It has also strengthened the Bank's credibility among the many actors within civil society and has broadened accountability mechanisms. Partnerships with bi-laterals, foundations and the private sector have encouraged innovation and leveraged greater amounts of financing in support of ambitious joint initiatives.

The Global Environment Facility, jointly implemented by the United Nations Development Program (UNDP), United Nations Environment Program (UNEP) and the World Bank, aims to assist developing and transition economy countries in protecting and managing the global environment in the areas of biological diversity, climate change, international waters and the ozone layer. The GEF, like the Bank, has in recent years come to understand that partnerships with a broad range of public and private stakeholders can improve project performance and accountability. A review of the 72 GEF-funded projects in March illustrated that stakeholder identification and participation in GEF projects is not only becoming increasingly complex, but is being handled more systematically and effectively.⁵ One factor contributing to the effectiveness of this participation is the range of financing mechanisms (long-term conservation financing, trust funds and sinking funds) that enable the involvement of partners such as NGOs in carrying out project components.

The *Philippines Biodiversity Project* approved in FY97 illustrates the contribution of NGOs to effective implementation of GEF biodiversity protection programs. This project also aims to introduce a decentralized management system of forest resources by user groups. The NGOs for Integrated Protected Areas, Inc. (NIPA) is contracted to identify and involve direct beneficiaries in the protection and preservation of forest resources. These NGOs are responsible for designing participatory implementation arrangements to ensure the people's willingness to maintain and support the protected parks.

Information Technology and Education

One of the Bank's several programs in information technology is EDI's World Links for Development Program (WorLD). The goal of the program is to link students and teachers in at least 1,500 secondary schools in 40 developing countries by the year 2000. Through the program, students in developing countries exchange science projects, writing exercises, historical perspectives, and artwork with each other and with their peers around the world. WorLD works closely with NGOs active in education and

⁵ A Review of Participation in the World Bank's GEF Portfolio, Dissemination Note No. 52

distance learning programs in participating countries, to alert governments and the private sector to the benefits of using new technology for investing in children, narrowing the information gap between students in developing and industrialized countries, and building bridges among the leaders of tomorrow.

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FROM: The Secretary

March 2, 1998

The Bank's Relations with NGOs: Issues and Directions

Attached is a President's memorandum together with a report entitled "The Bank's Relations with NGOs: Issues and Directions" which will be discussed by Executive Directors at a seminar scheduled for March 10, 1998.

Questions on this paper should be referred to Mr. Clark (X31840).

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC and MIGA

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The World Bank
Washington, D.C. 20433
U.S.A.

JAMES D. WOLFENSOHN
President

From: The President

February 27, 1998

Memorandum to the Executive Directors

Subject: The Bank's Relations with NGOs: Issues and Directions

I attach for your consideration an approach paper on "The Bank's Relations with NGOs". The purpose of the paper is to provide background for a Board seminar on this topic on March 10, 1998. It outlines the growing importance of NGOs to development, and therefore, to the work of the Bank. It describes how the last two decades have laid the foundation for the Bank's work with NGOs and how operational collaboration and dialogue on policy questions have expanded and diversified in recent years. Though concerned primarily with NGOs, the issues addressed in this paper are likely to become increasingly relevant to the growing Bank contact with other institutions of civil society.

The principal objective underlying the Bank's work with NGOs is to enhance its contribution towards poverty reduction and sustainable development. Though much of the progress that the paper describes has been "win-win" for development and welcomed by governments, NGOs, and the Bank, some concerns have surfaced. In particular, some borrowers have expressed the view that the Bank may be running ahead of its partner governments in its dialogue with NGOs on policy issues and certain areas of strategy formulation. The key issue for the Bank is to strike the right balance between interacting with NGOs in order to improve the development effectiveness of its work, and ensuring that this is done within the proper framework of its relationship with its borrower governments.

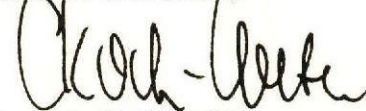
In achieving this balance, specific concerns or debates discussed in this approach paper include:

- ensuring that the selection of NGOs for involvement in Bank activities is based on strong knowledge of the local NGO community and adherence to established criteria, and is with due regard to the prerogative of governments;
- clarifying the role of NGOs in commenting on draft Bank policies and the purpose of consultations;

- enhancing disclosure of information, particularly regarding disclosure of Country Assistance Strategies (CASs) at the request of the concerned governments;
- the role of the Bank in providing more direct funding to NGOs.

The paper discusses these issues, describes Management's position, and invites Executive Directors' comments and further guidance.

James D. Wolfensohn

A handwritten signature in black ink, appearing to read 'Koch-Weser', written over the printed name.

by Caio K. Koch-Weser

THE BANK'S RELATIONS WITH NGOS

ISSUES AND DIRECTIONS

DISCUSSION DRAFT

February 27, 1998

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Appendix

Cooperation Between the World Bank and NGOs: Provisional
FY97 Progress Report

THE BANK'S RELATIONS WITH NGOS: ISSUES AND DIRECTIONS

I. OVERVIEW

1. The purpose of this paper is to provide background for a Board seminar on the Bank's evolving relationship with NGOs. The objective is to take stock of Bank-NGO relations and to help build consensus around the proposed way forward. The paper is not meant to be comprehensive, but should be viewed in the context of a number of other documents¹ on NGO relations which have been distributed to the Executive Directors over the past year. It also draws on the ongoing work by OED.²

2. In summarizing the evolution of Bank/NGO relations over nearly two decades of interaction, the paper points to much progress that has clearly been win-win for development—especially in terms of NGOs' on-the-ground contribution to successful *project* outcomes. However, concerns have been increasingly expressed by some borrowers that the Bank may be running ahead of its partner governments in its dialogue with NGOs on *policy* issues, and that some NGOs want even greater dialogue with the Bank, in part as a way to influence borrower governments.

3. This paper focuses on the need to maintain the appropriate balance in the Bank's relations with NGOs. Specific issues center on ensuring that selection of NGOs with which the Bank interacts is appropriate, is based on strong knowledge of the local NGO community and clear criteria, and is with due regard to the prerogative of governments; clarifying the involvement of NGOs in commenting on draft policies; improving disclosure of information, particularly regarding NGO involvement in the CAS; and disseminating the Bank's views on the funding of NGOs through Bank-supported development activities, and whether there is a need for any additional funding mechanism.

4. The paper concludes by emphasizing the continued need to strengthen the effort to build the public constituency for the Bank's policies and programs—and for development assistance in general. It also calls for further work to be undertaken in developing a broader understanding and Bank approach toward the role of civil society in development. First steps in this direction are expected to be taken in the context of a strategy paper on Partnerships, scheduled to be discussed with the Board in the Spring of 1998.

¹ See *NGOs and the Bank: Incorporating FY95 Progress Report on Cooperation between the World Bank and NGOs* (discussed by the Committee on Development Effectiveness (CODE) December 18, 1996; Minute CODE/M96-22); *NGOs and Civil Society—Definitions and Classifications* (also for CODE discussion, December 1996); and *Cooperation between the World Bank and NGOs: FY96 Progress Report* (sent to Executive Directors for information, August 1997).

² Forthcoming study by OED (expected to be completed in mid-1998) on the development effectiveness of NGOs in Bank operations (see Box 4).

II. AN EVOLVING RELATIONSHIP

5. This section briefly describes the growth of the NGO sector, the evolution of the Bank-NGO working relationship, and the Bank-NGO dialogue on development issues.

A. The NGO Sector

6. NGOs comprise a wide variety of associations, societies, foundations, and charitable entities that are (i) entirely or largely independent of government; (ii) not operated for profit; and (iii) exist to serve humanitarian, social or cultural interests, either of their memberships or of society as a whole (see Box 1). For the purposes of this paper, and in keeping with other Bank policy statements, the NGOs discussed will be restricted to those organizations which work in the fields of economic and social development, welfare, emergency relief, and environmental protection, or that comprise or represent poor or vulnerable people.³

7. This framework includes organizations which act at local, national and international levels, and organizations which are informal associations as well as those which are formally constituted and registered; it includes groups whose basic purpose is advocacy as well as those which are primarily operational; and it includes community-based organizations—which may or may not be legally established and which are usually formed to serve the interests of their own members or communities.

Box 1. NGOs and Civil Society

The reasons for the explosion of civil society—which NGOs represent in one organized form—are varied. Many Governments have been rationalizing their economies, reducing the role of central government in the provision of services, and turning responsibility over to organizations in the private commercial and non-profit sectors. In some cases, reforms of state service provision have created the space for the emergence of NGOs in these sectors and in related dialogue with governments. Accompanying this economic reality has been the mushrooming of political liberalization in many countries, legitimizing civil action. Symbolized by events in the former eastern Bloc, these political transformations have created fertile ground for the development of a global identity for civil initiatives.

NGOs comprise a sub-set of civil society—a broader term which encompasses all associational activity outside the orbits of government or the for-profit sector. Other civil society organizations (CSOs) include trade unions, religious institutions, and academic bodies. The rapid growth of civil society and its relevance to development was a major theme addressed by governments participating in the UN's Social Summit held in Copenhagen in 1995. Although the Bank often has interactions with other CSOs, this is beyond the scope of this paper.⁴ This issue has been discussed to some degree in the context of the Bank's work on "good governance," which also examines how government policies can influence the strength of the NGO sector.⁵

³ See Good Practices note 14.70 entitled *Involving NGOs in Bank-Supported Activities* and Operational Directive 14.70 (with the same title, which it replaces).

⁴ For a further discussion, see *NGOs and Civil Society: Definitions and Classifications* (op.cit).

⁵ *Governance and Development*, World Bank, 1992; *Governance, the World Bank's experience*, 1994.

8. ***Rapid Growth of NGOs.*** Throughout the 1980s and 1990s, the increasing importance of NGOs has been evidenced by their rapid growth in numbers in most countries; the volume of grant funding for development raised or managed by them; their contributions to important development objectives (such as participation, micro-finance, health, education and targeting of vulnerable groups); and their ability to influence the opinions of decision-makers and the public.⁶ These and other factors have made NGOs increasingly important actors in the development process—and hence of increased importance to the Bank.⁷

9. ***Breadth and Diversity of NGO Sector.*** The growth of the NGO sector has been accompanied by an enormous broadening and diversification within it. Today, NGOs perform a wide variety of functions, from advocacy to service delivery and fund-raising. They pursue widely differing goals, from promoting the objectives of special interest groups to broad-based poverty reduction. And they vary greatly in skills, capacity, effectiveness and motivation. The characteristics of the NGO sector also vary from region to region and from country to country. In short, the NGO sector is not monolithic nor static, but rather diverse and dynamic.

10. ***Growth of Developing-Country NGOs.*** One feature of significant change within the sector is that developing-country NGOs are increasingly seeking a greater degree of independence from their developed-country partners who often times helped to establish them, who have strongly influenced their operational work and who frequently speak on their behalf in debate on policy issues. Developing-country NGOs, for example, increasingly seek opportunities to address international fora on their own behalf, rather than be represented by their developed-country counterparts, and to have more say in directing the latter's advocacy. By the same token, developed-country NGOs increasingly recognize that their legitimacy lies in the fairness with which they articulate the case of those whom they represent in the developing countries.

11. ***Advocacy Vs. Operational NGOs.*** While distinctions can be made between NGOs whose primary purpose is advocacy and those operational NGOs whose primary purpose is the creation of development programs on the ground, in reality the delineation is blurred. Most large operational NGOs have a growing advocacy arm, and most international advocacy groups have partnerships with developing-country organizations which are at least in part operational. Again, NGO characteristics cannot be too rigidly defined.

12. ***NGOs' Role in Development.*** Until the 1970s, governments tended to see NGOs' relevance in terms of their humanitarian and emergency work. Since then attention has been focused on the broader—often pivotal—roles NGOs can play in participatory development, including targeting the poor and vulnerable minorities, giving voice to women at all levels of society, working with vulnerable children, stakeholder consultations, local-level research, micro-credit, conflict resolution, post-conflict reconstruction, tackling urban or domestic violence,

⁶ Adele Woods, *The Facts About NGOs Active in Sustainable Development*, OECD Development Centre, Paris, 1998 (draft, OECD).

⁷ This evolution and the implications for the Bank are described in "NGOs and the Bank," (*op. cit.*)

strengthening mechanisms of governance, legal and human rights, and a variety of other functions. As the Bank has come to focus more strongly on results-oriented poverty reduction, partnership with organizations which can effectively meet these development needs has become increasingly important.

B. The Bank's Working Relationship with NGOs

13. The Bank adopted its first *Operational Policy Note on NGOs* in 1981. Since then, instructions have been issued guiding operational collaboration and other forms of interaction, subject to the host government's own policies regarding NGOs. The Bank's approach to NGO relations has been elaborated in a range of policies and operational guidelines including those centering on poverty, gender, indigenous people, resettlement, environmental assessment, environmental action plans, forestry, information disclosure; and in a number of key speeches by senior management.⁸ A status report is provided in the Social Development Update⁹, being prepared for Board review.

14. ***Growth of NGO Involvement in Bank-supported Projects.*** While there were examples of NGO involvement in Bank activities in the 1970s, collaboration really only began to grow significantly in the 1980s, especially in the social and rural sectors. Most of this collaboration was with NGOs from developed countries. By 1990, NGOs were involved in about 12 percent of projects being implemented. Today, NGOs are involved in 38 percent of active projects; and in FY97, 47 percent of all approved projects involved NGOs to some degree. The majority of these NGOs are now from the developing countries.¹⁰ It must be stressed, however, that these statistics count the number of projects in which there is *any* NGO involvement. Often the NGO aspect is no more than a consultation or involvement in a minor aspect of implementation. Though the statistics (derived from analysis of Staff Appraisal Reports) say little about the depth of NGO involvement, it is clear that this, too, has been growing over the years.

15. ***Stage of NGO Involvement in Bank-supported Projects.*** The stage at which an NGO becomes involved in a Bank-supported activity and the nature of that involvement varies widely from project to project. It depends on the relationship between the NGO and the borrower

⁸ Since 1983, the Bank's evolving work with NGOs has been described in an "Annual Report on Cooperation between the World Bank and NGOs." Since 1986, these reports have been sent to the Board for information. For a fuller description of this evolution see Ibrahim F. I. Shihata, "The World Bank and NGOs" in *The World Bank in a Changing World*, 1995. A list of World Bank policies and procedures which include specific reference to NGO issues is provided in Annex 1 of *Working with NGOs: A Practical Guide to Operational Collaboration Between the World Bank and NGOs* (Operations Policy Department, 1995).

⁹ "Social Development Update: Making Development More Inclusive and Effective" (Draft - February 1998).

¹⁰ For further information, see Cooperation Between The World Bank and NGOs: FY96 Progress Report (August 1997) and the provisional FY97 Annual Progress Report attached (Appendix). Geographical and sectoral distribution of projects involving NGOs is consistent with recent years. NGOs are involved in 84 percent of South Asian projects approved in FY97; 61 percent in Africa and 60 percent in LAC. Agriculture, Education, Population Health and Nutrition (PHN) and Social projects comprise the most NGO participation, although there has also been some more recent involvement of NGOs in Industry and Infrastructure projects.

government, the type of project, the characteristics of the NGO, and other factors.¹¹ However, there has been an increasing tendency towards involving national and local-level NGOs, and towards earlier NGO involvement, as governments have sought to tap the local knowledge which certain NGOs have to offer during the project design stage. In 1990, NGOs were involved in only a handful of projects at the design stage; by FY97, of all approved projects involving NGOs, 60 percent began in the design stage.

16. ***Increasing NGO Involvement in ESW, CAS Process, and Policy Formulation.*** NGOs are also frequently involved in Economic and Sector Work (ESW)—through input into Poverty Assessments, National Environmental Action Plans, and other analyses of social issues.¹² NGOs are involved in an increasing number of Country Assistance Strategies (CASs) in which governments and the Bank have sought the participation of civil society.¹³ In addition, NGOs have been involved in national-level debates on policy issues such as gender, the environment, forestry, and economic development. The Bank has often played a “convening” role in this process—bringing together governments, donors, and NGOs to discuss development issues of mutual concern.

17. ***Expanding Role of Operational Units in Building NGO Relations.*** Going beyond the work of the small, central NGO Unit which was created in the mid-1980s to help coordinate and strengthen the Bank’s relations with NGOs, the Country Departments and Regional operational units have played a key role in this evolution—building up their knowledge of and contacts with relevant NGOs, and devising appropriate fora for policy dialogue.

18. ***Increasing Role of Resident Missions in Building NGO Relations.*** In particular, considerable importance has been placed over the last few years on strengthening Resident Mission capacity to engage local NGOs in effective collaboration. There are now 37 specialist staff in Resident Missions—virtually all hired locally—whose primary responsibility is NGO/Civil Society work; and there are 26 more staff in Resident Missions who focus on NGO/Civil Society matters alongside other responsibilities.

¹¹ See I. Shihata (op. cit.), and *Working with NGOs* (op. cit.). Involvement in the project cycle includes the design and analysis stage (including studies, public consultations, environmental and other assessments and providing advice), co-financing (including mobilizing community contributions), implementation (including provision of services, promoting community participation, acting as a financial intermediary especially regarding social funds, public information/education campaigns, management and other technical services, and implementation of complementary activities), and monitoring and evaluation (including participatory evaluation, independent monitoring, and NGO staff serving on evaluation missions).

¹² See *Is Local Knowledge Legitimate? Influencing Policy Through Participatory Poverty Assessments*, C. Robb, 1997; this describes the experience so far with participatory poverty assessments, which normally include a major NGO role.

¹³ *Experience with Civil Society Participation in the CAS Process*, NGO Unit (forthcoming) indicates that 26 out of 47 recent CASs have included some civil society consultation, of which at least 10 were quite thorough. An earlier note (NGO Unit, February 1996) revealed that such efforts were just beginning at that time. This issue is also discussed in the forthcoming CAS Retrospective and in the forthcoming strategy paper on Partnerships. Both these papers are scheduled for discussion at the Board this Spring.

19. **Bank Provision of Funds to NGOs through Development Activities.** An increasing portion of the Bank's investment lending is channeled through governments to NGOs, notably through social funds, rural development, health, education and other social sector projects. A recent OED/NGO Unit study of 7 countries¹⁴ showed that over \$1 billion of Bank financing was allocated for disbursement through NGOs and community-based organizations in those countries in projects approved since FY85 (such financial information was only available for about one-third of the projects which cited NGO involvement). A major source of NGO funding worldwide is funds borrowed by governments from the Bank which are then channeled through NGOs. In addition, governments channel considerable sums of domestically-mobilized revenues through NGOs. The Bank also, of course, provides some direct grant-funding to NGOs for special programs.

20. **Helping to Strengthen the Development Effectiveness of NGOs.** The growing level of activity with NGOs has been driven by the need to enhance development effectiveness. Thus, there have been efforts by the Bank to assist governments, at their request, to improve the policy environment for NGOs, and to strengthen consultation among governments, NGOs and the Bank. Technical advice has been provided to governments, on request, for improving laws relative to the non-profit sector.¹⁵ The Bank also has joined a Working Group of international institutions in examining respective approaches and comparative advantages in strengthening the capacity of NGOs in developing countries to make a better contribution to development.¹⁶

21. **NGOs and Participation.** The increase in NGO involvement in Bank activities can be usefully viewed within the context of the growing emphasis which donors are placing on civil society participation in development processes. In 1994, the Board endorsed a Participation Action Plan which was the culmination of three years' inquiry and learning about improving the development effectiveness and sustainability of Bank activities through participatory development involving NGOs and other civil society groups.¹⁷ In 1996, the Executive Directors also discussed the recommendations of the Social Development Task Force which included, *inter alia*, the establishment of Regional Social Action Plans which specifically included

¹⁴ Maria Grandison, *Survey Report on NGO/CBO Financing in Bank Projects*, OED 1997. A survey of 194 projects listed as involving NGOs in 7 countries (Bolivia, Brazil, India, Indonesia, Kenya, Mali and Philippines) yielded financial information on 61 projects. These combined allocated \$1 billion for disbursements through NGOs over the lifetime of the projects (and leveraged a further \$400 million of government and donor funding). Even without taking into account the 133 projects for which data is not available in these countries, current disbursement through NGOs is probably on the order of \$100 million per annum. This group of countries accounts for 23 percent of current projects with NGO involvement worldwide.

¹⁵ This advice is provided on the basis of a draft report, entitled "Handbook on Good Practices for Laws Relating to NGOs" (ESSD Network, May, 1997) which analyzes strengths and weaknesses of laws relevant to NGOs in about 100 countries.

¹⁶ The proposal to establish an International Working Group on NGO Capacity Building was made to the Bank and other donors by NGOs of the NGO-World Bank Committee. There was general agreement that there was a need for such a forum, designed to bring together the providers of NGO capacity building programs (donors, foundations, certain developed-country NGOs) with the intended beneficiaries (developing-country NGOs). A steering committee (including the Bank) has been established and a short-term work program agreed, leading up to a conference scheduled for mid-1998.

¹⁷ *The World Bank and Participation* (Operations Policy Department, September 1994).

promoting participation at the regional level.¹⁸ The consideration of participation is now reinforced by the new Project Concept Documents and Project Appraisal Documents which require the identification of stakeholder groups and a description of their planned involvement in the preparation and implementation phases of a project. The Bank also is continuing to explore ways of promoting participation more extensively in economic and sector work, including in country assistance strategies where governments also agree to include this dimension. Progress in this area is a key issue which NGOs and donors are already flagging in the context of IDA-12; and the Board is scheduled to discuss a progress report on the mainstreaming of participation in FY2000.

C. Bank-NGO Dialogue on Development Issues

22. As recently as 1994, many NGOs were distrustful of the Bank and had organized a global campaign against its approach to development ("50 Years Is Enough" campaign). Moving from environmental concerns, the attack embraced the impact of structural adjustment programs and a development paradigm which was perceived to put economic growth above issues of equity and distribution—thus exacerbating rather than reducing income gaps between rich and poor. In some important OECD constituencies, this campaign left lingering questions about the impact and development effectiveness of the Bank's work.

23. ***Recent Efforts to Strengthen Bank-NGO Dialogue.*** In recent years, the Bank has made a concerted effort to strengthen its dialogue with NGOs and, more broadly, with civil society. The important role of the NGO-World Bank Committee should be noted here. Established in 1982, the Committee had become by the late 1980s the principal forum for structured debate on major issues of NGO concern such as adjustment and participation. In recent years, the Committee has become stronger, led by developing-country NGOs. It has also become increasingly decentralized, with emphasis on regional fora (See Box 2).

24. In addition to the work of the Committee, there have been three main components of recent efforts to strengthen Bank-NGO dialogue:

- ***First, Bank management and staff have made a much more systematic effort to reach out to NGOs in borrowing countries and to engage them on development issues.*** While earlier the dialogue with NGOs took place largely in Washington with international NGOs, the Bank and borrower governments are increasingly taking a proactive approach in organizing fora for discussing development issues with NGOs in-country. Expanding the Bank-NGO dialogue at the local level also has strengthened Bank contacts with developing-country NGOs and the dialogue has broadened to include other types of civil society organizations including trade unions, academic institutes, foundations, women's and peasants' associations, and other community-based organizations.

¹⁸ Task Group Report: Social Development and Results on the Ground, October 15, 1996

Box 2. NGO -World Bank Committee

The NGO-World Bank Committee was established in 1982 to address ways in which the Bank could increase the involvement of NGOs in Bank-financed projects. The Committee is unique due to its geographical representation, its continuity, and the independent selection process governing the NGOs which serve on the Committee. As such, it is well respected by other donors.

Since its inception, the Committee has focused on a variety of policy issues—including structural adjustment, popular participation, information disclosure, and the role of the state—and has played an important role in helping to shape the Bank's thinking in these areas. Influenced in part by the Committee, the Bank has substantially increased its interaction with NGOs both at an operational and policy level. Many departments of the Bank now have fora for dialogue with NGOs on specific policy issues including environment, gender and private sector development. In addition, the Bank has national level Bank-NGO fora in a number of countries, usually serviced by the Resident Mission NGO Specialist.

Reflecting this evolution, the Committee has changed in two ways: firstly, it plays an overview role, helping guide the Bank's relationship with NGOs and assessing its strengths and weaknesses. Secondly, it has begun a decentralization process. Over the last two years, a major part of the Committee's work has been regional meetings in Africa, Asia and Latin America. This is now being formalized by the creation of regional committees, each co-chaired by an NGO from the Region and the Bank's Regional Vice President. The global forum is being scaled back in size to a smaller, more strategic steering committee, co-chaired by the Vice President of the ESSD Network.

- ***Second, the Bank has established an expanded array of specific fora for in-depth discussion with NGOs and others on topics of mutual concern*** (e.g. gender, participatory development, forestry, impact of structural adjustment, micro-finance, social funds and impact of privatization). These fora are increasingly important mechanisms for ensuring that civil society concerns are considered during the drafting and implementing of new policies. The External Gender Consultative Group is one example. This group, formed after the Beijing World Conference on Women, comprises 14 members of women's organizations from around the world, and meets annually with the Bank to provide guidance in mainstreaming gender issues in the Bank's work. Another important forum for debate with civil society is the Structural Adjustment Participatory Review Initiative which is designed to bring civil society, governments and the Bank together to review the impact of adjustment programs in a range of countries (see Appendix, page 12). The increasing knowledge of civil society in Resident Missions and their enhanced capacity to engage with NGOs at the local level has enabled the Bank to become clearer about those NGOs which have relevant development capabilities and experience; those which are truly representative of the poor; and those which would not be appropriate partners.
- ***Third, the Bank has greatly intensified its efforts to work with NGOs, particularly in the developed countries, to build the public constituency for its own work – and for development assistance in general.*** NGO criticisms of the Bank combined with increasing public ambivalence toward development assistance—particularly in many

OECD countries—added to the urgency of identifying shared objectives which can be acted upon collaboratively. The Bank's increasing willingness to provide information and generally be more open has helped significantly not only to reduce the contentiousness of the dialogue with NGOs, but also to improve the overall climate of public opinion around the Bank's work.

III. LESSONS OF EXPERIENCE

25. The fundamental premise for the Bank's work with NGOs is to help our borrower countries reduce poverty and achieve sustainable development. To meet this goal, it is important to enhance stakeholder participation in and support for Bank-financed activities. Given the expansion in both the scope and frequency of NGO involvement in Bank-financed activity, it is important to make a substantial and systematic effort to ensure the development effectiveness of this relationship. This requires a more complete picture of the full array of contacts and a more systematic assessment of the benefits and costs of the various interactions.

26. The lessons of experience need to be applied in the context of emerging challenges and opportunities for Bank-NGO relations. On one hand, the increasing role of civil society—and NGOs in particular—in development issues, and the greater prominence given to participation and the social sectors in the Bank's work (areas in which many NGOs—particularly community-based organizations—have clear strengths), underscores the potential benefits to be gained from effective collaboration. On the other hand, it is essential to ensure that in-country involvement of NGOs takes place within the framework of the Bank-borrower dialogue, not independent of it; and to ensure that the time and effort invested in NGO relations serves the Bank's basic business goal—poverty reduction and development effectiveness. This is especially important in light of the Bank's renewed emphasis on quality, cost-effectiveness and results on the ground.

A. Experience with NGO Involvement

27. Based on various Bank reports, project documentation, and numerous communications from staff and managers, there is a good deal of evidence of how NGO involvement has benefited specific Bank's operations.¹⁹ Some of these benefits have included:

- *Enhancing the Bank's capacity to target and involve poor and vulnerable groups in the projects and programs it supports, and achieve gender equity;*
- *Improving the sustainability and effectiveness of projects by fostering beneficiary participation, mobilization of local resources, and strengthening of local institutions;*

¹⁹ Some of the major references which analyze specific NGO contributions to projects include: Shihata (op. cit.); *Working with NGOs*; *NGO-World Bank Partnerships: A Tale of Two Projects*, Toshiko Hino, 1996; *NGO Involvement in World Bank-financed Social Funds: Lessons Learned*, Carmen Malena, 1997.

- *NGOs serving as effective conduits of “local knowledge”—which is valuable at the design stage—with NGOs that have skills in participatory research;*
- *Using the local knowledge acquired by NGOs to provide new opportunities for scaling up operations, while respecting local realities;*
- *Using the willingness and flexibility of NGOs to pilot new initiatives and test innovations in design and implementation;*
- *Providing training and expertise through NGOs to many community-based initiatives and helping with education and communications; and*
- *Providing services at generally—but not always—lower financial cost than public institutions.*

Box 3 and the annual NGO Progress Reports (prepared by the NGO Unit), as well as the sources referenced, provide some illustrations of the benefits of NGO involvement in Bank-supported activities, but data are limited.²⁰ Sometimes the expected benefits of collaboration do not materialize—and that there can also be costs and disadvantages to NGO involvement (see para. 30). Some of these benefits can, of course, similarly be sought in partnerships with private sector organizations. OED is currently working on a study of projects involving NGOs in 5 countries which will assess both the costs and benefits of their involvement. This study is expected to be completed in mid-1998 (see Box 4).

28. ***NGO Impact on Project Performance.*** Analysis of the Annual Report on Portfolio Performance (ARPP) indicates a possible correlation between NGO involvement and reduced risk of poor project performance. Since the mid-1980s, the NGO Unit has analyzed Staff Appraisal Reports and Project Appraisal Documents to assess which projects approved in each fiscal year involve NGOs in one or more stages of the project cycle. A comparison of this database with ARPP statistics for FY96 shows that for projects in the sectors where NGO involvement is most established and most frequent (agriculture, health, nutrition, and other social sectors), 26 percent of projects with NGO involvement are categorized as “at risk” compared with 45 percent of projects without NGO involvement. A comparison using FY97 ARPP data shows a similar pattern (though narrower due to a steep improvement in the overall portfolio); for the equivalent cohort of projects, 26 percent of those with NGO involvement were at risk compared with 31 percent of projects without NGOs.

²⁰ The Bank is not alone in finding its data on NGO impact and cost effectiveness lacking. This is also a finding of a major study commissioned by the OECD/DAC Expert Group on Aid Evaluation (*Searching for Impact and Methods: NGO Evaluations Synthesis Study*, November 1997). This study surveyed evaluation reports of the bilateral agencies and although these were largely positive about NGO involvement, they relied on qualitative assessments, personal judgments, or focused on recorded *outputs* rather than development outcomes.

Box 3. Examples of Benefits of NGO Involvement in Bank-Assisted Projects

Activity	Role of NGOs	Outcome
Mongolia: Poverty Alleviation and Vulnerable Groups Project (FY96)	• Build government and community capacities • Extend geographical outreach and provide targeting of project benefits.	International NGOs are providing training to local government officials in poverty awareness. Local NGOs assist in identifying the absolute poor population in mobilizing and training CBOs within vulnerable group organizations (VGOs). The NGOs, CBOs and local government are jointly developing subprojects, based on priorities identified by communities.
India: Sodic Lands Project (FY93)	• Develop income generating capacity of the poor • Encourage sustainability of Bank investments	Indigenous NGOs worked with Local Development Councils to provide training to communities in planning and self-management, and to mobilize local Water User Groups. By the end of FY96, 5,225 such groups had been formed, and have taken over responsibility for basic planning, implementation, maintenance and evaluation of the project. Moreover, 1,500 of these groups have started savings and income generating activities. Among families associated with the project, and 491 Women self-help groups have been formed.
Senegal: Traditional Energy Project (FY97)	• Disseminate information and develop national interest around development agenda • Ensure affected people remain at center of implementation	International and local NGOs have been key in developing national interest in the utility of traditional energy sector - which accounts for approximately 80% of energy production, but had received little investment from private sector or government. NGOs are providing training and technical expertise in the decentralization of responsibility for resource allocation to rural communities, and in using the proceeds from traditional energy production for investment in health centers, schools and rural infrastructure. Through NGOs, the project has also managed to involve marginalized groups, especially women, as active participants.
Kyrgyz Republic: People's Based Development Pilot Project (FY97)	• Mobilize and provide training to local communities to help manage local environment management programs	Under the project, both national and locally based NGOs play an important role in training in environmental sanitation, local environmental management and consciousness raising. Over 70 NGOs are now involved in providing capacity building activities in areas of water supply and sanitation, afforestation, and local management of resources. The project is operating in 50 communities which are acting as demonstration areas for the country.
Indonesia: Jabotabek Urban Development Project (FY92)	• Build local capacities and promote sustainability of locally managed sanitation services	An International NGO was contracted to develop the Kampong Improvement Program in the most densely populated of the 9 kampongs under the project. 60% of the population relied on public latrines and bathrooms or used nearby drainage canals. Through participatory process, the NGO worked with the community to develop a model facility and create a development committee with responsibility for management. Collection, transportation and disposal of wastewater and sewage are now managed by the community.
Pakistan: Ghazi Barotha Hydropower Project (FY96)	• Help ensure that mitigating measures are appropriately planned and effectively implemented • Minimize delay of project implementation through providing access to information for people affected by the project.	The project's early consultations with NGOs, the formation of an Independent NGO Standing Committee (made up of NGOs and the project authority) and the establishing of Project Information Centers have widened the flow of project information. As a result of the participatory methodologies introduced, there is a deeper partnership between government, NGOs and affected people.
Argentina: PROINDER - Rural Poverty Alleviation Project (FY97)	• Strengthen government capacity, expedite implementation • Provide better targeting of project benefits	NGOs provided training which has improved the technical capacity of local governments jointly implementing the project. The participatory approach in design established a consensus which enabled the project to move swiftly to disbursement. Two audits—one internal and one external—found that involvement of NGOs resulted in better targeting of the rural poor.

Box 4. OED's Forthcoming NGO Study

In mid-1998, the Operations Evaluation Department (OED) is expected to complete a study of the contribution of NGOs to development effectiveness in Bank-supported projects. The study is based on a review of Bank-wide data and case studies of five countries: India, Kenya, Mali, Bolivia and Brazil.

Preliminary findings suggest that Bank policy on involving NGOs in its activities is relevant and appropriate. It has led to numerous productive partnerships between governments, NGOs and the Bank. What marks these successes is Bank support for a positive NGO contribution in the borrowing country; building project components based on the comparative advantage of NGOs; early involvement of NGOs in project identification and preparation; knowledgeable and supportive Bank staff who are increasingly present on the ground; and creative work to make government and Bank procedures function flexibly.

Preliminary findings also suggest, however, that NGO partnerships do not always lead to successful outcomes. While NGOs in all their various forms are numerous, the number with proven development capabilities and a willingness to work closely with governments on a meaningful scale—essential in most Bank-supported projects—remains small. This and other factors has led to skepticism among some borrowers and Bank staff about the role of NGOs in Bank operations. For some borrowers, NGOs are viewed more as critics than as potential partners. For some Bank staff, NGOs are seen as adding demands on their time without corresponding benefits.

Preliminary OED findings note that unfamiliarity with the NGO community has sometimes led to over-optimism about what NGOs can realistically contribute. NGOs are often looked at too uncritically as “the answer” to the challenge of participation or to complex problems associated with reaching the grassroots. OED also finds that too little preparation is done before projects are approved to ensure that relevant NGOs can become active partners once projects are approved; and only rarely do government and Bank procedures for contracting, procurement, and the transfer of funds to NGOs work smoothly. Sustaining NGO involvement when projects are completed is another widespread problem; many NGO activities are often not financially self-sustaining.

29. **Next Steps.** It must be emphasized that the factors relating NGO involvement to project performance have not been systematically researched—and this is an important topic for further inquiry. Among other things, the Bank needs to develop the baseline data that would permit it to track with more sophistication the effectiveness of NGO involvement, and indicators that would enable it to assess the contribution of NGOs within the framework of our mandate of poverty reduction. Such analysis of the benefits and costs should then systematically be disseminated to help staff work more effectively with NGOs. A number of efforts in this direction are underway:

- *As previously mentioned, work in assessing the benefits and costs of working with NGOs is already being carried out by OED; the NGO Unit, the PREM Network, and the Quality Assurance Group are also undertaking efforts in this regard;*
- *The Knowledge Management System is being enhanced to incorporate lessons learned—and a Sourcebook on operational collaboration is being developed;*
- *The LLC and NGO Unit are developing plans for relevant training modules;*

- *The Bank is part of a new UN-wide process to share experiences and compare modalities and procedures in operational links with NGOs; and*
- *The Development Assistance Committee of the OECD provides a forum for sharing of methodologies and experience, for example, in the evaluation of the costs and benefits of collaboration with NGOs.*

B. Constraints and Costs

30. NGOs are widely variable and some can face considerable constraints, including:

- *limited financial, analytical and management expertise;*
- *limited institutional capacity;*
- *a gap between stated mission and operational achievement;*
- *low levels of self-sustainability;*
- *lack of inter-organizational communication or coordination;*
- *and limited expertise in economic or development issues.*

There is already a good deal of evidence to suggest that these constraints can translate into substantial “costs” for both the Bank and its borrowers (see Box 4). It is also clear that assessing NGO contributions to development effectiveness in Bank-supported operations is not straightforward. More work in assessing these matters and how to address them is needed. The afore-mentioned International Working Group on NGO Capacity Building (para. 20) provides a forum to discuss such issues with other agencies, foundations and NGOs.

IV. EMERGING ISSUES

31. The Bank’s outreach to NGOs, the increased interaction on dialogue at the operational level, and new programs such as the HIPC debt initiative, have all helped to create a new and stronger context for Bank-NGO relations. To be sure, there remains a good deal of skepticism within the NGO community towards the Bank; but there is also no question that NGOs today are much better informed about the Bank, there is greater diversity of NGO opinion about the institution and, in general, the dialogue is characterized more by a desire to seek convergence rather than confrontation, particularly at the local level. At the same time, the increased level of interaction with NGOs has raised concerns among some borrowers about how quickly the Bank moves to involve NGOs in its operations and in the policy dialogue, and about whether the Bank takes sufficient care in the identification of NGOs with which it relates at the country level.

32. Clearly, the main purpose of the Bank is to support governments' development programs, for which governments are firmly in the driver's seat. In supporting such programs, the Bank should not carry out activities with NGOs without government knowledge and consent. At the same time, with due respect to the prerogative of government as the Bank's primary interlocutor, the Bank has a responsibility to listen to and learn from a range of stakeholders and to make independent, professional, and well-informed judgments.

33. In terms of on-the-ground operational work, the implications for Bank-NGO relations and the involvement of governments are not generally controversial:

- General discussions between the country's NGO community, government and the Bank about development priorities is critical and the Bank has a role—where governments agree—in promoting such discussion and collaboration.
- In project design, borrowers and Bank staff should be encouraged to seek the advice of operationally experienced NGOs and other stakeholders, and in most countries this is already common practice.
- In project implementation, where NGO partners are involved, there should be a transparent process for selection.

34. More controversial, however, is dialogue on sensitive projects and policies. The Bank needs to be responsive, listening and debating with NGOs and others who forward concerns about development priorities—encouraging NGOs to raise relevant development issues and encouraging governments to let all sides be represented at the table. Quite apart from the need to learn from concerned stakeholders, the international consensus on which the Bank's continued support depends requires it to be responsive to private sector and civil society concerns about decisions that may affect them.

35. The key issue for the Bank is to strike the right balance between interacting with NGOs in order to improve the development effectiveness of its work, and ensuring that this is done within the proper framework of its relationship with its borrower governments. This raises a number of issues that need to be addressed when going forward.²¹

- (i) ***Clear Criteria for NGO Partnerships.*** Not all NGOs have interests that are relevant to the Bank's development goals, nor do they all possess the characteristics and expertise required to make a useful contribution to Bank-supported activities. Indeed, some borrower governments have raised questions (including within the Board of Executive Directors) about whether the Bank is sufficiently attentive to such issues.

²¹ These issues were discussed at the recent meeting between Executive Directors and NGOs of the NGO-World Bank Committee (October 28, 1997).

As previously indicated (para. 11), while distinctions can be made between NGOs whose primary purpose is advocacy and operational NGOs whose primary purpose is the creation of development programs, in practice the dividing lines are often blurred. Thus, improving the Bank's differentiation among NGOs in establishing effective development relationships relies on gaining better knowledge of the local country context. It also relies on careful adherence to established selection criteria, which include:

- **credibility:** *acceptability to relevant stakeholders;*
- **competence:** *relevant skills, experience, and track record;*
- **local knowledge:** *proven high-level understanding of country context;*
- **representativeness:** *community ties, accountability to members/beneficiaries, gender sensitivity; and*
- **institutional capacity:** *sufficient scale of operations, human resources, and facilities.*

Adherence to agreed procedures with regard to confidentiality, disclosure, and communication, is a further important consideration. Management plans to issue a sourcebook to staff which will, *inter alia*, provide guidance and good practice examples concerning the selection of NGOs in Bank-wide activities. This will draw on operational experience and NGO strategies that have been developed by the Regions.

- (ii) **Consulting with NGOs on Draft Policies:** Questions have been raised about whether consulting NGOs during the drafting stage of major policies inflates the influence of advocacy NGOs, or prejudices the Board's consideration of the issues. In most cases (e.g. forest policy, energy efficiency, and several Operational Directive conversions), the practice of seeking inputs at the draft policy stage from academic and NGO specialists in the field, together with other civil society authorities, appears to have helped improve the quality of the policy statements submitted to the Board for review and approval.²² On some occasions, however, NGOs have publicized their views on the draft and have lobbied Executive Directors and/or Ministers. Such interactions can be embarrassing and detrimental.

To address concerns on this issue going forward, when it decides that particular policy formulation would benefit from consultation with external specialists, Management plans to take the following steps:

²² The principal is to conduct open-minded consultation, not to enter into negotiation on text with external parties.

- *inform Executive Directors in writing (after Operations Policy Committee Review) about plans for external consultations on draft policies with NGOs;*
- *make available to Executive Directors, on request and for information, drafts shared with external reviewers;*
- *convey to NGOs more clearly if there is need for confidentiality or other special requirements during the consultation on draft policies—and exclude those NGOs which are not willing to play by mutually agreed rules; and*
- *at the same time, strengthen internal coordination processes through which the Bank determines its response to controversial NGO-related issues.*

(iii) **Disclosure Issues.** In terms of the consultation and exchange of information which is implicit in establishing meaningful dialogue with NGOs, some disclosure issues have emerged, particularly in relation to the CAS. The argument for disclosure of information in the CAS is that some governments believe this can help to build consensus and ownership of important development policies and programs—especially where CASs have been produced through a participatory process. Greater transparency can also enhance investor confidence. The main argument against disclosure is that to facilitate informed Board discussion and be otherwise effective, CASs must be candid in their discussions of country strategies and in presenting information which might be politically or market-sensitive. It is essential that the right balance be struck in this critical area.

To help promote this balance—and recognizing the diversity of country interests on this issue—Management plans to observe the following process:

- *where the government in question wishes to distribute the CAS, Management will propose to the Board that the Bank agree to such a request;*
- *where the government in question wishes to distribute the CAS, but is concerned about specific sections of the CAS, Management will propose to the Board that deletions be made, before distribution.*

Governments will retain the prerogative, of course, of deciding not to distribute a CAS. The issue of CAS distribution will be further explored in the context of the CAS Retrospective paper to be discussed by the Board in the Spring of 1998.

- (iv) **Funding Issues.** As previously indicated, through its lending operations, the Bank is already (indirectly, via governments) a substantial source of funding to NGOs (this includes the financing of project components implemented by NGOs). Some funding is also provided through the administrative budget when NGOs are used as advisors on ESW, for example. In addition, there are a variety of instruments which permit a limited amount of direct grant-funding of NGOs including the Development Grant Facility (DGF), the Consultative Group to Assist the Poorest (CGAP) and the GEF Small Grants Fund (administered by UNDP). Given the expanding relationship with NGOs, however, the question of whether *additional* funding mechanisms may be required has been raised.

The Bank's objective, of course, is not to fund NGOs, as ends in themselves, but rather development activities to which NGOs might be able to make a valuable contribution. In that context, Management believes there is already adequate capacity through which funds can be delivered to NGOs within the framework of normal operations and on a case-by-case basis—including through the DGF which has the capacity to support increased partnerships with NGOs and, more broadly, civil society. Management is also of the view that further work needs to be undertaken to assess the impact of *current* Bank funding that is delivered to NGOs through the Bank's support for development activities. In addition, the Bank needs to do more to develop partnership strategies with other institutions and donors which have a comparative advantage in funding NGOs—and thus help to leverage up the overall development effort. It is therefore proposed that this topic be explored further in the context of the Partnerships Paper to be discussed with the Board in the Spring of 1998.

V. CONCLUSIONS

36. The last two decades have laid the foundation for the Bank's work with NGOs. The discussion in this paper concludes that the Bank should take an encouraging stance towards NGO involvement in projects, the policy dialogue, and CASSs, while fully respecting the right of governments to draw the line on specific activities.

37. However, more work needs to be done to help develop the Bank's approach to the role of civil society in development—moving beyond the traditional range of NGOs. First steps in this direction will be taken in the context of the paper on Partnerships Strategy, referenced previously.

38. It is to further enhance the contribution which effective Bank-NGO relations can make toward poverty reduction and sustainable development—the Bank's overarching goal—that Management seeks Executive Directors' comments and guidance on the issues (i-iv) raised in para. 35 of this paper.

Cooperation between the World Bank and NGOs Provisional FY97 Progress Report

**NGO Unit
Social Development Department
February 1998**

I. INTRODUCTION

The annual report on Cooperation between the World Bank and NGOs has been produced by the NGO Unit for the past 15 years. It provides an overview of the Bank's work with NGOs to Bank management and staff, NGOs, interested government agencies, and the development community. The following report is a review of the Bank's experience working with NGOs during FY97. Its main message is that, in order to better understand the needs and priorities of local populations and to ensure that these are reflected in Bank-financed development operations, the Bank has intensified its relations with NGOs and other civil society organizations.

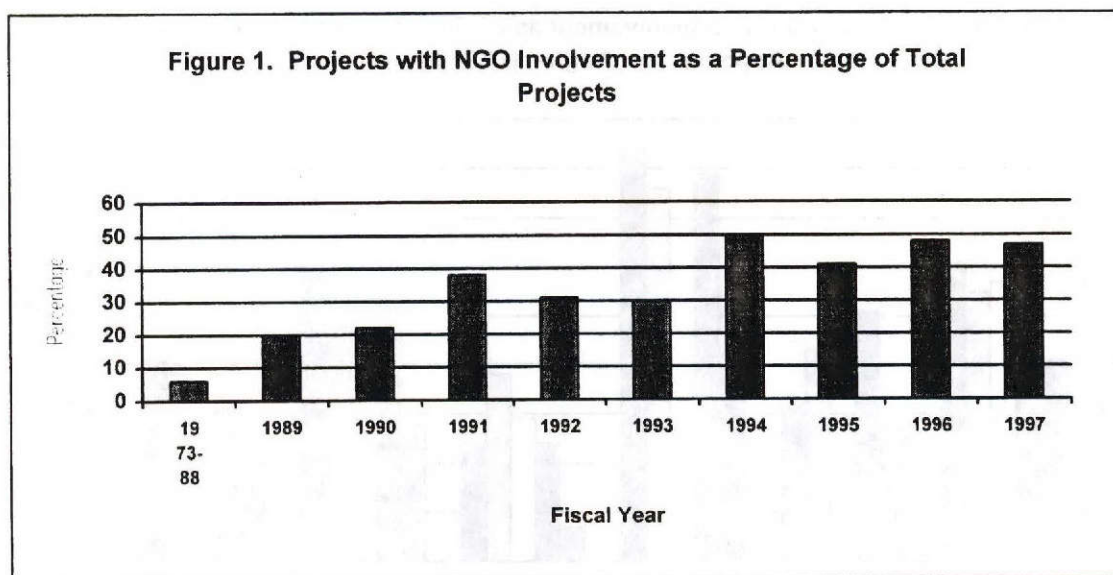
The Bank continues to follow the three-pronged approach set out in "NGOs and the Bank", 1996: strengthening operational collaboration; improving dialogue on development policy; and helping improve the effectiveness of NGOs in developing countries, especially by fostering a more enabling policy environment in which they are able to flourish and play a healthy, active role in development. A considerable effort has been made to enhance the emphasis on relations with developing-country NGOs at the local level. This is in keeping with the Bank's current decentralization process.

II. OPERATIONAL COLLABORATION

Quantitative Summary of Bank-NGO Collaboration in FY97

Since the mid-1980s the World Bank has made significant effort to deepen its collaboration with, and understanding of NGOs and civil society organizations in its client countries. The number of projects approved each fiscal year that involve NGOs has increased steadily in the 1990s. The review of appraisal reports for projects approved in the fiscal year indicates - as with the previous year - nearly half of all Bank projects involved or planned the involvement of NGOs or community based organization (CBOs). Of the 241 projects approved by the Board, 112 (47%) had involved or would involve NGOs to some degree. As greater numbers of projects with NGO involvement are approved each fiscal year, the proportion of such projects in the total portfolio is rising. At the end of FY97, 38% of all active projects involved NGOs, up from 35% at the end of FY96. (See Figure 1).

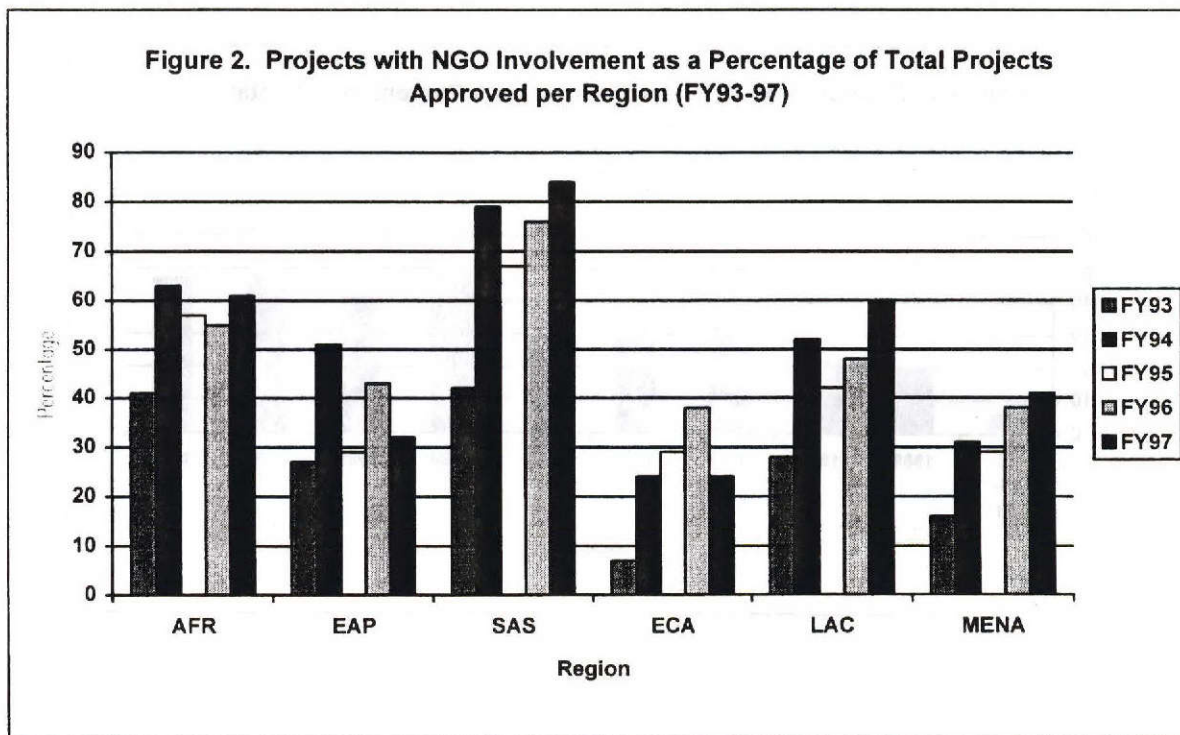
Figure 1. Projects with NGO involvement as a Percentage of Total Projects (FY73-97)



a) Regional and Sectoral Trends

The distribution of Bank projects involving NGOs by region has remained consistent over the past several years. The greatest proportion of such projects continues to be found in the South Asia, Africa, and Latin America and Caribbean (LAC) regions. In FY97, projects involving NGOs approved in these regions accounted for 84%, 61% and 60% of the portfolio respectively. (See Figure 2).

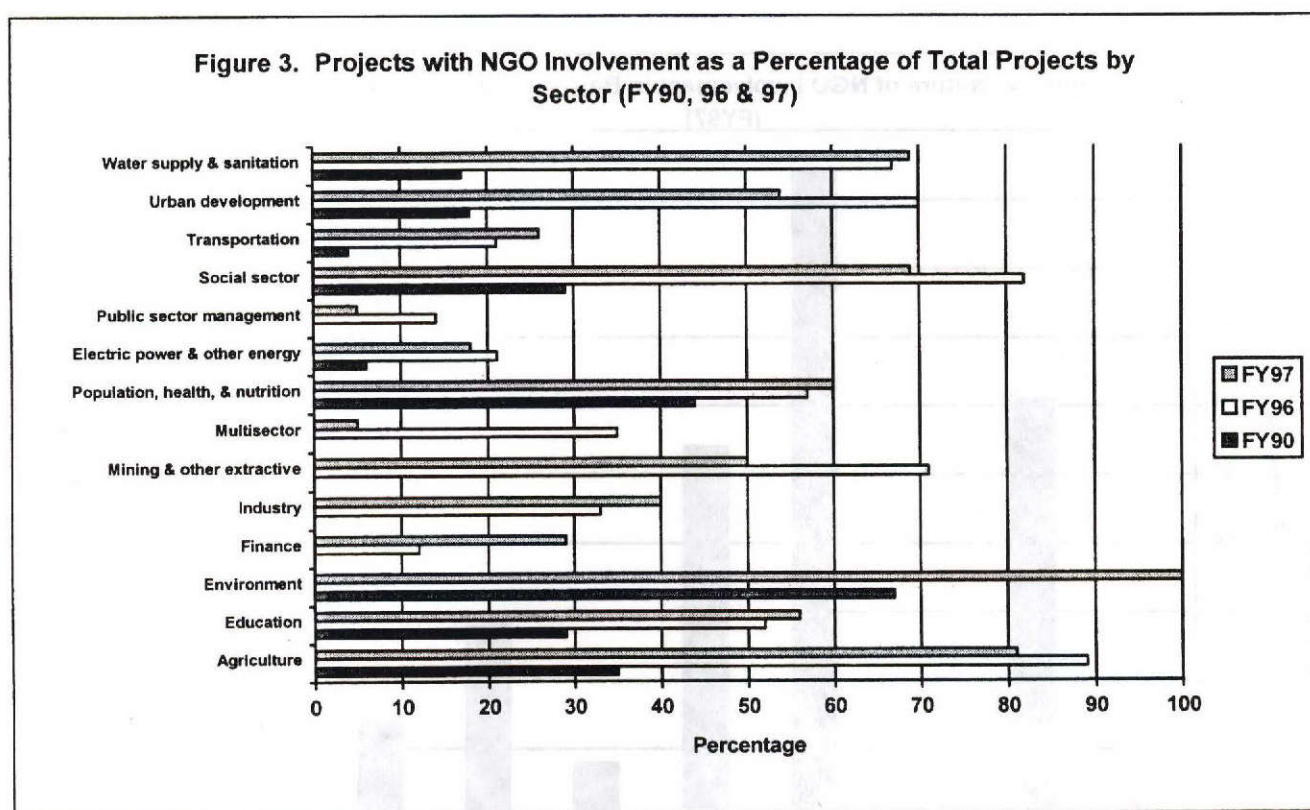
Figure 2. Projects with NGO Involvement as a Percentage of Total Projects



Similarly, the Agriculture, Education, Population, Health and Nutrition (PHN) and Social sectors - where NGO involvement has been traditionally more prevalent - continue to represent the highest proportions of projects with NGO involvement. Figure 3 illustrates the percentages of total projects with NGO involvement *by sector*. Eighty-one percent of all projects in Agriculture involved NGOs, while 56%, 60% and 69% did so in the Education, PHN and Social sectors respectively. In recent years, the area of Water Supply and Sanitation (WSS) has seen significant growth in the involvement of NGOs, and particularly CBOs. These organizations participate in the design, operation and maintenance of community-level activities, and often assume responsibility for and ownership of them during the life of the project. Eighteen percent of WSS projects involved NGOs in FY90, whereas 66% and 69% did so in FY96 and FY97. Each of the 12 projects in the environment sector provided for the involvement of NGOs to some extent.

It is also worth noting the greater involvement of NGOs in sectors where this was not previously typical. Figure 3 demonstrates an increasing trend in the transportation and urban development sectors - 26% and 54% respectively - where NGOs are now often included to help mitigate possible negative aspects of the projects.

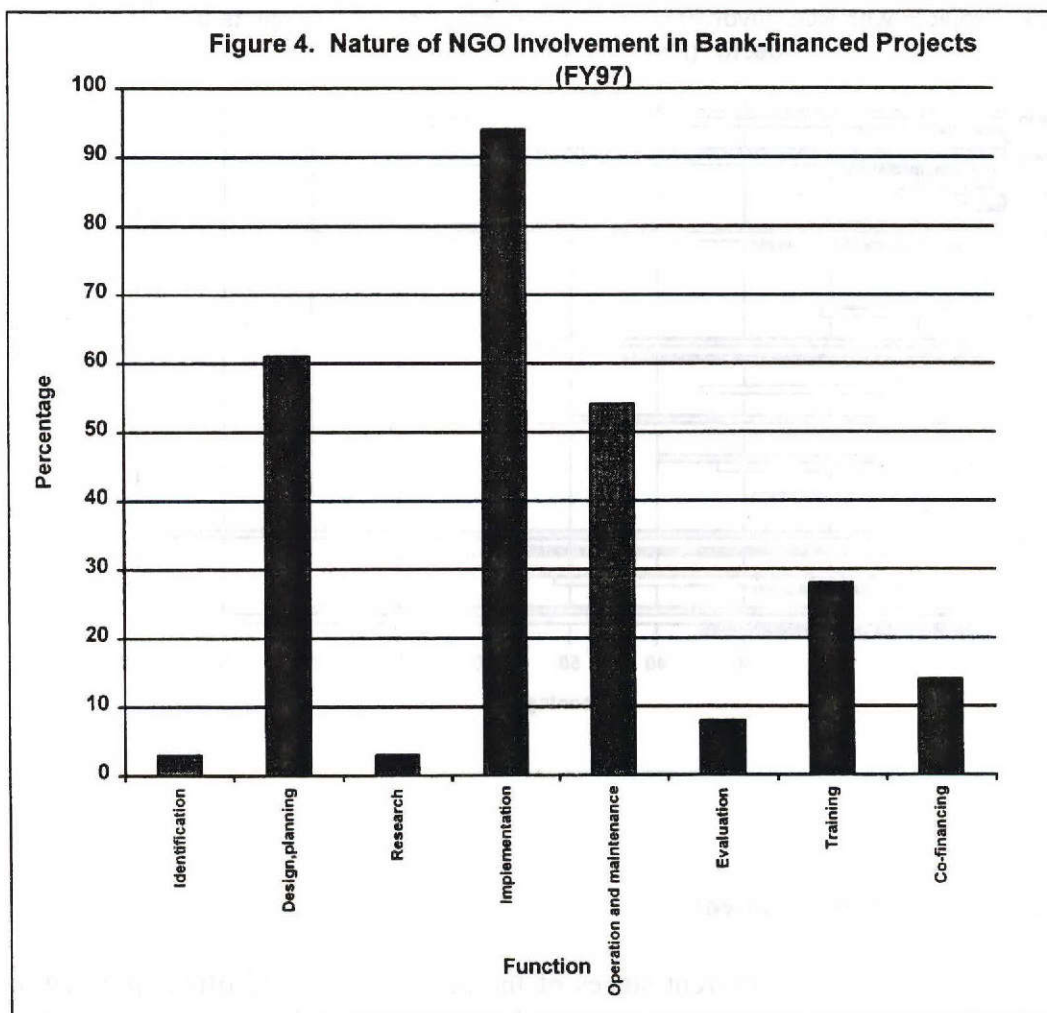
Figure 3. Projects with NGO Involvement as a Percentage of Total Projects by Sector



b) Nature of NGO involvement

NGOs are involved at different stages of the project cycle and often provide a clear advantage in their ability to represent needs, priorities, and concerns of project beneficiaries. Historically, NGO involvement has been most prevalent during project implementation, and in the operation and maintenance (O&M) of project components or investment activities. This is reflected in Figure 4, which illustrates that 94% and 54% of projects involving NGOs do so in the implementation or O&M stages respectively. Further, the more recent trend of increased upstream involvement of NGOs in project preparation over the past several years is reinforced in FY97. This year, 60% of NGO involvement was initiated during the *design stage*, up from 42% in FY96.

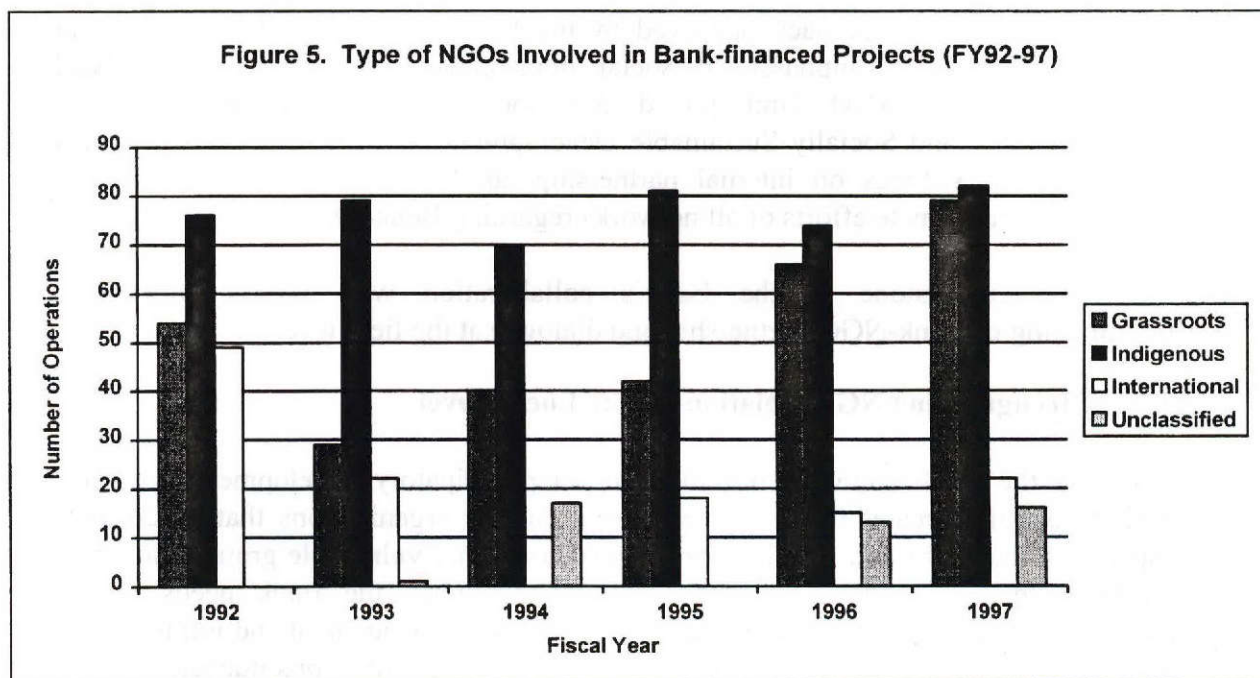
Figure 4. Nature of NGO Involvement



c) Type of NGO

To emphasize local knowledge and participatory development, the Bank has placed greater importance on involving *national and local-level* NGOs in its work. Figure 5 illustrates this trend, and indicates that 82% of all projects involving NGOs included local NGOs in FY97. The involvement of *community based organizations* has shown a particularly marked increase. This fiscal year, 79% of NGO-involved projects included newly created or existing CBOs, up from 66% in FY96. Moreover Bank operations are increasingly including *both* CBOs which represent local priorities and concerns, and intermediary organizations with technical experience in the relevant sector. In FY97, 59% of NGO-involved projects, incorporated both CBOs and formal NGOs (either national or international NGOs), up from 49% in FY96.

Figure 5. Percentage of Projects Involving NGOs by Type



d) Annual Report on Portfolio Performance

As NGO involvement becomes more prevalent in Bank operations, there is greater interest in identifying means to evaluate NGO effectiveness and impact on project performance. One measure is through analysis of the Annual Report on Portfolio Performance ratings. The total set of projects which involved NGOs in FY97, fared slightly better than those that did not (26% to 28% "at risk" respectively). It is interesting to note that the portfolio as a whole fared better in FY97. At the end of the fiscal year, 26% of the Bank's projects were identified to be "at risk" - down considerably from 32% last year.

As was the case in FY96, the contribution of NGOs to project effectiveness is more visible in the agriculture, PHN and social sectors. Of the total projects in these sectors, 26% of those which involved NGOs were found to be at risk, as compared to 31% of those that did not. Although this spread is less pronounced than in FY96 (26% to 45%), this is most likely due to the improvement in the portfolio as a whole. When Water Supply and Sanitation projects - which have illustrated strong growth in the involvement of NGOs in the past three years - are added to this aggregate in FY97, the figures illustrate further the reduced risk of those projects with NGO involvement compared to those without (26% 36% at risk respectively).

Promoting Bank-NGO Collaboration

The Strategic Compact, approved by the Bank's Board of Directors in March 1997, placed a new emphasis on social development. As part of the Bank's reorganization, the NGO Unit joined the Social Development Family, in the Environmentally and Socially Sustainable Development Network. In keeping with the network system's focus on internal partnership, an NGO Thematic Team has been developed to coordinate efforts of all networks regarding Bank-civil society relations.

The cornerstone to the Bank's collaboration with NGOs is continued strengthening of Bank-NGO partnership and dialogue at the field level.

a) Strengthening NGO Relations at the Local Level

As the Bank increases its emphasis on participatory development practices, it needs to acquire greater familiarity with civil society organizations that articulate and respond to the needs and priorities of the poor and other vulnerable groups. In order to develop effective partnerships with these organizations, the Bank needs to better understand their comparative strengths and weaknesses, management and implementation capacities, and the extent to which they represent their respective constituencies.

In order to *guide and facilitate* the growing interaction between the Bank and civil society organizations, NGO Specialists have been appointed in Resident Missions. Local knowledge of the NGO sector is essential in order to build strong partnerships which will contribute most effectively to participatory development, poverty reduction and social inclusion. The NGO Specialists have grown to represent a considerable proportion of the Bank-wide Social Development Family. Since the earliest appointments in 1995, the number of NGO Specialists has increased. At the end of FY97, 62 Resident Missions had staff specifically assigned to work with NGO/Civil Society issues.

Although regions use titles ranging from NGO Specialists (Africa), Social Analysis & NGO Specialists (LAC), Community Development Specialists (Asia) to External Affairs Officers (ECA), at least one primary responsibility of these staff members is to encourage regular and systematic communication, collaboration, and dialogue with NGOs and other civil society organizations at the local and regional level. In addition to facilitating consultation and collaboration with NGOs in many Bank financed projects, NGO Specialists have also played a crucial role in involving civil society in the CAS process, and in Economic and Sector Work. Through numerous initiatives, NGO Specialists have also helped governments to develop fora for government-NGO-Bank dialogue on policy issues and to identify ways to improve their relations with NGOs.

NGO Specialists Learning Forum

An important contribution to the strengthening of Resident Mission capacity to engage with and learn from civil society in client countries was the NGO Specialist Learning Forum held in Washington in May, 1997. The Forum, organized by the NGO Unit, brought together for the first time 47 staff working primarily on NGO issues in the various Resident Missions around the world. The Forum was designed to enhance the technical capacities of the Specialists as well as to provide an opportunity for them to meet as a professional community. They also had the opportunity to meet with Executive Directors and senior management. In his meeting with the Specialists, President Wolfensohn listened to their ideas, successes and frustrations, commended them on their work, and reinforced the essential nature of their role in ensuring targeted, sustainable development that addressed the needs of the poor.

b) Social Investment Funds

Since the success of the first Social Investment Fund in Bolivia in the late 80s, the Bank has been working with borrower governments to utilize the social fund model as a mechanism for financing small-scale, demand driven and participatory development projects in client countries.

The first conference on Social Investment Funds was held in May 1997, and was organized through the joint efforts of the NGO -World Bank Committee, several NGOs and foundations, and EDI, the Quality Assurance Group, and the Poverty and Social Policy Department within the Bank. The purpose of the SIF Conference was to bring together practitioners of Social Funds to take stock of the experience in implementing such programs over the past decade; establish consensus around their main achievements, weaknesses and risks; agree upon a number of recommendations for improving existing programs and the design of future programs, and to facilitate the integration of international and regional networks of social funds. In preparation for the conference, a paper on impacts of Social Funds was prepared by the PREM Network. The aim of the Social Fund Portfolio Review was to assess the factors influencing quality at entry and to review the experience of implementing Bank-financed Social Funds. The review found that in order for Social Fund sub-projects to realize their potential development impact and reach sustainability, conditions need to be in place to ensure that those sub-projects are demand-oriented, owned by the communities during design, implementation and maintenance phases, and that appropriate institutional and financial arrangements are put in place to sustain the benefits.¹

¹ Portfolio Improvement Program Review of the Social Funds Portfolio, May 1997. (PREM)

The NGO Unit paper, *“NGO Involvement in World Bank-Financed Social Funds: Lessons Learned”* was published in May 1997. It reviews the Bank’s experience involving NGOs in SIFs. The paper found that while not an end in itself, NGO involvement in social funds generally helps to ensure that the conditions mentioned above are realized. The paper identifies issues encountered as well as lessons learned in the design and implementation of SIFs, and as such provides a useful tool to both Bank staff and NGOs involved in Bank-financed social funds.²

c) **Small Grant Funding**

The Bank’s Small Grants Program (SGP) is a small grant-making fund now managed out of the Social Development anchor. It was previously financed by the Special Grants Program and now comes under the Development Grants Facility. Its purpose is to provide institutions (including NGOs) in developing countries with funds for promoting dialogue and dissemination of information about international development. In FY97 a total of 60 grants were awarded, ranging in size from US\$10,000 to US\$30,000. Significantly almost one third of these were in the ECA region.

Examples of FY97 Small Grantees

- In Macedonia, the CENTER FOR ENVIRONMENTAL LAW AND PUBLIC PARTICIPATION (CELPP) was funded to help finance the publication of a Training Manual on “Public Participation in the Decision-Making Process as a Tool for Involving NGOs and citizens in the implementation of the National Environmental Action Plan (NEAP).” In cooperation with academia, students, and other NGOs, CELPP aims to facilitate public participation in the implementation of the NEAP by publishing a training manual on the subject. The Center is particularly interested in requirements for public notices of proposed regulations, periods for public comment, and the procedures for both; freedom on information for governmental activity and industrial pollution reports; and, the clarification of laws on local authorities.
- An environmental NGO in Guatemala, FUNDACIÓN PARA EL ECODESARROLLO Y LA CONSERVACIÓN (FUNDAECO) was funded to help finance the start-up costs of a television project entitled “Information and Public Education on Environmental Issues: ‘Eco-News’.” FUNDAECO believes that the low level of environmental awareness in Guatemala is the fundamental cause of environmental degradation and principal obstacle to efforts to address the problem. The proposal aims to support information, education, and environmental awareness through the production of five-to-ten minute television segments of “Eco-News” on subjects such as deforestation; environmental pollution and protection in industry; eco-tourism; and the activities of the environmental bodies of congress, the executive branch, and private-sector associations.

² *NGO Involvement in Bank-Financed Social Funds: Lessons Learned*, Environment Department Papers No. 052

III. POLICY DIALOGUE

NGO - World Bank Committee

Since its inception in 1982, the NGO-World Bank Committee has been providing guidance on issues related to the Bank's partnership with NGOs, and continues to be a major forum for policy dialogue. The Committee is comprised of 26 representatives of NGOs from around the world (mostly developing country NGOs), and senior Bank staff. The major areas of discussion at its annual meeting in October 1996, were participation (in particular the joint monitoring of a number of operations and ESW), Bank-NGO relations, the need for sharing experience in the implementation of Social Investment Funds (SIF) and collaboration and joint exploration in the field of NGO Capacity Building. These themes were reflected in discussions at regional-level meetings of the Committee throughout the year. Since 1993, mid-year meetings of the Committee have been held at the regional level (in FY97 in Peru, Abidjan, Nepal and Paris) in order to allow for more focused discussion on regional and country specific issues and strategies for effective Bank-NGO cooperation.

a) Africa

On August 6-7, 1997³ the Africa Regional Meeting was held in Abidjan, Cote D'Ivoire, bringing together over 51 representatives of NGO networks, NGOs and research institutes along with the African members of the NGO-Bank Committee and the Bank's Africa Region to share experience and map out a process for continued dialogue. Discussions focused on the region's renewal and on-going decentralization processes and the request by NGOs to further develop partnership in the areas of participation (especially in the CAS process), capacity building of African NGOs, and to ensure the Bank's focus on poverty alleviation. Reflecting the NGO Unit's work in the area of NGO Law, the meeting requested increased assistance in promoting an enabling environment for civil society organizations, and providing more technical assistance and good practice references on legal frameworks.

b) South and East Asia

The Asia Regional Meeting was held in Katmandu, Nepal between June 26-29, 1997 and co-hosted by ACTIONAID Nepal and PRIA India. While participation, information disclosure, and capacity building were the main topics, other discussions highlighted the need for Bank-NGO meetings at a national level every 2-3 months, for interaction with Resident Missions beyond the NGO Specialists, for databases on NGOs, for improvement of information disclosure and dissemination, greater facilitation of meaningful civil society participation in the CAS process, and recognition of the diversity of NGOs in the region. While there were points of disagreement, the meeting was a

³ Although this technically falls outside of the fiscal year, it is included here to complement the other regional meetings

constructive one which emphasized common ground. On the Capacity Building Initiative, NGOs endorsed the Committee's NGO Capacity Building Initiative, and stressed the importance of strengthening national dialogue, and guidance of the process by a regional steering group.

c) Latin America and Caribbean

The Latin America and Caribbean Regional Meeting was held in Lima, Peru from 13-17 October, 1997. Approximately 80 NGOs and 20 Bank staff attended the meetings, which were hosted by the Peruvian NGO, DESCO. The main areas of discussion were the status and implications of the Bank's restructuring, urban poverty, new challenges for economic reform in the region, participation in Bank operations and CAS, state reform and decentralization, and gender. In particular, the Regional Vice President, Mr. Javed Burki, presented an outline for the joint-study on urban poverty which had been proposed at the regional meetings in Nicaragua the previous year. NGOs provided useful feedback and additional items for research including the links between urban and rural poverty; between violence, crime and inequality; and the implications of economic globalization on both decentralization and income distribution. Mr. Burki re-committed to having Liaison Officers in all Resident Missions and a budget for translation of Bank documents, and the process for decentralization of the Bank-NGO Committee was begun. The meetings provided a valuable forum - to both NGOs and Bank staff - for discussion of a wide range of both macro and micro issues.

SAPRI

The Structural Adjustment Participatory Review Initiative (SAPRI) was formally launched in April, 1997. Its aim is to provide a framework in which the World Bank, governments and a global network of civil society organizations can come together to jointly assess the impact of structural adjustment, improve each other's understanding of policy impacts on the poor, and explore possible future improvements in economic reform programs. The SAPRI program was developed through consultations between a team of Bank staff and an NGO/civil society network led by the Development GAP, a Washington-based NGO. Seven countries originally agreed to participate in SAPRI - Bangladesh, Ecuador, Ghana, Hungary, Mali, Uganda, and Zimbabwe.

The next Global Forum is to take place in July 1998 in Washington, D.C. and will include public presentations on adjustment issues, as well as workshops on the country fora and fieldwork methodologies. Participants will include civil society and government representatives from each National Steering Committee, members of the Global Steering Committee, and World Bank staff. The Institute of Development Studies (IDS) and Action Aid have agreed to contribute to strengthening the process and field-level methodology.

Participation

At the October meeting of the NGO World-Bank Committee, it was agreed that while the Bank had made strides in developing participatory approaches (as illustrated in the 1994 World Bank and Participation Learning Group Report and the 1996 Participation Sourcebook), in practice, NGOs felt that progress is falling short of expectations. Thus in an effort to both assess the Bank's progress, and to provide guidance in carrying out such methodologies, the Committee agreed to launch a joint-monitoring exercise of participation in selected lending and ESW work. About 8 activities would be selected from across regions and sectors. The joint-monitoring process would help to identify both progress and areas of weakness - at an institutional and a skills/management level. One of the projects involved in the joint monitoring program this fiscal year is the *India Ecodevelopment project (approved FY97)*, in which the aim is to achieve an acceptable, sustainable balance between the economic and social needs of the inhabitants with conservation objectives in some of India's most environmentally sensitive Protected Areas. The project is still at the pilot stage and in some sites is controversial, but elsewhere it is already clear that NGOs with experience working with the tribal populations and conservation NGOs are playing a key role in helping the project to achieve the required balance. In the Ghir Forest, for example, in which NGOs have been actively involved in joint monitoring, teams comprising of Protected Area staff and NGOs are working with communities to help them prepare participatory "micro plans" designed to protect natural habitats by generating economically viable alternatives to encroachment and incentives for conservation.

Country Assistance Strategy (CAS)

There has been a strong trend in recent years towards consulting civil society organizations during CAS preparation. The Uganda Country Assistance Strategy provides an example of this approach. The central objective of the Uganda CAS was to set out a strategy to ensure that the benefits from the country's strong economic growth are effectively deployed for poverty reduction. The starting point for the process was the government's participatory Poverty Eradication Action Plan (PEAP), which aims to integrate poverty issues into the national development strategy. Also critical was the early involvement of the NGO Forum, made up of 600 of Uganda's most active NGOs. Based on participatory exercises held for the CAS preparations in 2 districts, extensive follow-up participatory exercises are now planned in 7 districts (financed in part by DFID - formerly ODA) in order to ascertain which strategies for rural poverty reduction would be most effective and broadly supported. Such district-level Poverty Eradication Action Plans are designed to reflect the priorities and needs of the poor populations. The involvement of NGOs and other civil society organizations has had a number of direct impacts on the CAS. For example, consultations identified possible joint action to address the leakage of government funding for social services that had been identified. The consultations also described the need for agricultural strategies to be tailored to fit regional specificity.

As the Bank continues to gain experience and develop expertise in collaborating with civil society to achieve its country-specific development goals, greater efforts are being made to identify lessons that will contribute to our understanding of NGO and civil society participation in Bank processes. In FY98 the Office of Managing Directors' CAS Retrospective will include a discussion of civil society participation.

IV. Enabling environment for NGOs and civil society

Laws Governing Non-governmental Organizations

As has been described, the Bank and borrowers increasingly seek to develop partnerships with effective and independent local NGOs because of their potential contribution to economic and social development, and their promotion of equity and social inclusion. The policy environment for NGOs and civil society varies enormously from country to country, and is a powerful determinant influencing the growth of the NGO sector. In particular, there is great variation in the framework of laws relating to NGOs in each country. Where these afford few rights or protection to NGOs, the growth and contribution of the sector can be severely hampered. To address this problem, the NGO Unit has developed a program to give best practice advice on NGO law. The Unit has been working with an international NGO - the International Center for Not-for-Profit Law (ICNL) - since 1995 to analyze existing NGO laws in over 100 countries. The result is the draft "Handbook on Good Practices for Laws Relating to Non-governmental Organizations" published in discussion draft form in May 1997, and designed to assist governments and other parties to analyze the strengths and weaknesses of existing laws, or draft more appropriate ones. Since publication of the draft Handbook, several thousand copies have been distributed through Resident Missions, bilateral agencies, foundations and NGOs.

The Handbook is already serving as a useful tool for governments and NGOs in the formulation of such laws. For example, the Handbook provided useful guidance to the joint Task Force on NGO Law in Nepal - comprising Nepali NGOs and government representatives - in formulating the newly approved NGO bill. In pursuing this work the Unit has developed partnerships with USAID, the Asian Development Bank, CIVICUS, the Aga Khan Foundation, the Rockefeller Brothers Fund, the Ford Foundation, the Commonwealth Foundation, Johns Hopkins University, and others in an effort to further the discussion and understanding, and to develop better laws for NGOs.⁴

⁴ The NGO Unit has provided technical advice and assistance in improving the laws affecting NGOs to governments and NGOs in West Bank/Gaza, Bangladesh, Mozambique, Cameroon, Madagascar, Mongolia, Pakistan and Yemen.

Capacity building for NGOs

The Bank and other donors can also contribute to an enabling environment through their efforts to strengthen the capacity of the NGO sector in developing countries. In order to address such issues the Bank together with NGOs of the NGO-Bank Committee, multi- and bi-lateral agencies and foundations are planning to establish an International Working Group on Southern NGO Capacity Building (IWGCB). The formative meeting for this initiative was held in May 1997 and was attended by more than 35 donors (bilateral, multilateral, and foundations), southern, and northern NGOs. The IWGCB will bring together for the first time the providers and users of capacity building programs to identify priorities, future strategies, and pilots to test out new approaches. Experience and lessons drawn from donors, NGOs and foundations on southern NGO capacity building are being gathered and will be presented at a conference scheduled for May 1998. These are expected to feed into the identification and prioritization of issues, and the development of a coordinated mechanism for strengthening southern NGO capacities.

V. Internal and External Partnership

Europe and Central Asia

The ECA Region has developed a regional NGO-Strategy, including an in-depth review of experience with environmental NGOs in Bank and GEF-financed projects, NEAPs and regional Environmental Programs. This work provided the basis for the Bank's participation in a path-breaking meeting between environmental NGOs, donors and the Bank in Szentendre, Hungary in May 1997. The purpose of the meeting was to initiate dialogue with NGOs and civil society organizations in Central and Eastern Europe and the newly independent states (NIS), along with other donors with extensive experience in the region. The Bank committed to participating in the Donor-NGO Working Group, established at the meeting, and is planning a piece of research to analyze the economic contribution of the NGO sector in the region.

Middle East and North Africa

The Vice President of the Environment and Socially Sustainable Network, Ismail Serageldin, represented the Bank at the Second Conference of Arab NGOs held in Cairo in May. The Conference brought together government ministries, multilateral development institutions, NGOs and associations to discuss and commit to among other things, promoting the role of Arab NGOs in human development, legislative framework for NGOs in Arab countries, building trust and confidence between the private sector, NGOs and international organizations, and issues of capacity building (management and training) in the future of Arab NGOs.

Environment

At the Rio + Five Earth Summit in March 1997, the Bank's advances in partnering with NGOs and CSOs was highlighted under the discussion of Agenda 21. In the five years since the first Rio Summit, NGO partnerships have considerably extended the reach and potential impact of Bank and GEF projects. Partnerships with scientific institutions and technically-oriented NGOs have enabled the Bank to tap new networks of expertise. It has also strengthened the Bank's credibility among the many actors within civil society and has broadened accountability mechanisms. Partnerships with bi-laterals, foundations and the private sector have encouraged innovation and leveraged greater amounts of financing in support of ambitious joint initiatives.

The Global Environment Facility, jointly implemented by the United National Development Program (UNDP), United Nations Environment Program (UNEP) and the World Bank, aims to assist developing and transition economy countries in protecting and managing the global environment in the areas of biological diversity, climate change, international waters and the ozone layer. The GEF, like the Bank, has in recent years come to understand that partnerships with a broad range of public and private stakeholders can improve project performance and accountability. A review of the 72 GEF-funded projects in March illustrated that stakeholder identification and participation in GEF projects is not only becoming increasingly complex, but is being handled more systematically and effectively.⁵ One factor contributing to the effectiveness of this participation is the range of financing mechanisms (long-term conservation financing, trust funds and sinking funds) that enable the involvement of partners such as NGOs in carrying out project components.

The *Philippines Biodiversity Project* approved in FY97 illustrates the contribution of NGOs to effective implementation of GEF biodiversity protection programs. This project also aims to introduce a decentralized management system of forest resources by user groups. The NGOs for Integrated Protected Areas, Inc. (NIPA) is contracted to identify and involve direct beneficiaries in the protection and preservation of forest resources. These NGOs are responsible for designing participatory implementation arrangements to ensure the people's willingness to maintain and support the protected parks.

Information Technology and Education

One of the Bank's several programs in information technology is EDI's World Links for Development Program (WorLD). The goal of the program is to link students and teachers in at least 1,500 secondary schools in 40 developing countries by the year 2000. Through the program, students in developing countries exchange science projects, writing exercises, historical perspectives, and artwork with each other and with their peers around the world. WorLD works closely with NGOs active in education and

⁵ A Review of Participation in the World Bank's GEF Portfolio, Dissemination Note No. 52

distance learning programs in participating countries, to alert governments and the private sector to the benefits of using new technology for investing in children, narrowing the information gap between students in developing and industrialized countries, and building bridges among the leaders of tomorrow.

World Bank-NGO Steering Committee

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1. The Steering Committee: Function & Issues for Discussion
2. Other Items on the Agenda
3. Non-Governmental Organizations, additional Information from OED
4. Participants

**NGO-WORLD BANK STEERING COMMITTEE
MEETING WITH Mr. JAMES D. WOLFENSOHN**

Tuesday, March 10, 1998

3:00 - 3:45 pm

Room: MC-12-700

**John D. Clark
NGO Unit (SDVNG)
X31840 / MC-5-173**

Briefing for Mr. Wolfensohn

**STEERING COMMITTEE MEETING
OF THE NGO-WORLD BANK COMMITTEE**

March 10, 1998 - 3:00 pm

Room: MC-12-700

1. The global Steering Committee is the group of NGOs and Bank staff which determines and monitors the work program of the full NGO-World Bank Committee. It comprises one NGO representative per region, the NGO Co-Chair and a small team of senior Bank staff, led by Ismail Serageldin (the Bank Co-Chair).
2. The NGO-World Bank Committee is the oldest and only formal mechanism for dialogue with NGOs. It is made up predominantly of Southern NGOs (from LAC, Africa, Asia, ECA and MENA) but maintains a global character by including about ten Northern NGOs. You met with the full Committee at its annual meeting in October 1997.
3. The Committee has played a leading role in Bank-NGO policy dialogue over the years. The NGO members are critical of the Bank on some issues (such as the quality of participation in many Bank operations), but supportive on others. Historically, for example, the Committee has orchestrated significant NGO support for the replenishment of IDA.
4. This year the Committee is moving to a decentralized structure through the Regional Vice Presidencies, while maintaining a smaller global Steering Committee. The Regional Vice Presidencies are committed to co-chairing regional steering committees and regional events. This decentralization will strengthen the Committee by: (a) encouraging further links between the Committee and a wider range of Southern civil society groups; (b) promoting a joint work program appropriate to each Region; and, (c) providing consistency between increased national-level interactions with NGOs through Bank operations and policy issues that extend beyond national boundaries.

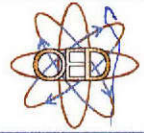
Issues for Discussion

5. The Steering Committee will want to discuss four issues with you but are likely to focus on the first two:
 - (1) Your impression of the morning Board Seminar discussion of the NGO paper.
 - (2) How you see Bank-civil society relations unfolding and the role that the Committee can play in this.
 - (3) The full Committee's future work agenda.
 - (4) The key issues of interest to NGOs in the IDA 12 negotiations.

OTHER ITEMS ON THE AGENDA FOR THE TWO-DAY MEETING

- IDA 12
- Strategic Compact
- Inspection Panel
- WDR 2000
- "The Bank's Relations with NGOs": Briefing on the paper prepared for the Board Seminar.
- Update on Capacity Building Initiative
- Participation Exercise of NGO Monitoring of Selected Bank Operations
- Restructuring Plans of the Committee and Regional Work Plans

OED VIEWS



VOLUME 1, NUMBER 3

Operations Evaluation Department

To: **James D. Wolfensohn**
From: Robert Picciotto, DGO
Date: March 5, 1998

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Non-governmental organizations (NGOs)

-  Current Bank statistics overstate the extent of Bank relations with NGOs and fail to indicate reliably how much IBRD/IDA funding flows to NGOs as distinct from community-based organizations (CBOs).
-  The Bank is not employing the flexibility it already has in its procedures—for procurement, contracting, or consulting—to simplify working with NGOs.
-  Bank partners, bilaterals and foundations, have a comparative advantage for work with NGOs that is not being tapped effectively.
-  Good practice results when NGOs are involved in projects early; chosen for their proven capacity and experience; and worked with collaboratively, not controlled. But good practice is far from the norm.

OED REVIEW OF A DIVERSE AND EVOLVING RELATIONSHIP

OED is completing a study of the contribution of NGOs to Bank-supported projects. A report is due to CODE in July. The report is based on Bank-wide data and five country case studies - Brazil, Bolivia, India, Kenya, and Mali. Preliminary findings suggest that while most staff take seriously the Bank policy to involve NGOs and CBOs, good practice is still far from the norm.

BANK REPORTING ON NGOs LACKS PRECISION AND TRANSPARENCY

Bank NGO statistics are based largely on appraisal documents. Thus, they describe intentions, not reality. On the ground observations suggest that the reality often does not measure up to goals and that actual involvement is usually less than planned. Bank involvement is most often with CBOs—farmer's groups, irrigation water user's associations, women's groups, and other grass roots organizations—rather than NGOs proper.

MODEST FUNDING; INADEQUATE CAPACITY BUILDING

The Bank does not know how much finance it provides to NGOs or CBOs. Management's suggestion that a \$100 million goes annually to NGOs is based on assumptions and creates a misleading impression that NGOs are likely to challenge. Most project funds (more than 80% in OED's case studies) provide small grants to CBOs. A clear policy for the current expenditure pattern is lacking. Modest funding goes to national NGOs. Bank funding of international NGOs is negligible. Bank interaction often draws down the limited capacity of national NGOs, it does not sustain it or build it up. Few funds are available in borrower countries for capacity building among NGOs.

GOOD PRACTICES EXIST BUT ARE FAR FROM THE NORM

OED identified many examples of good practice with NGOs and CBOs in Bank-supported projects. Good practice results when NGOs and CBOs are involved early in projects; chosen for their proven experience and capacity; and worked with flexibly, through collaboration, not control. Individual Bank staff and managers in borrower institutions are making a difference. But good practice is far from the norm. Too often NGO involvement is seen as an "add-on" to be addressed after project approval. Difficulties with the flow of project funds to NGOs can kill NGO enthusiasm for Bank-supported projects.

FLEXIBLE PROCEDURES EXIST BUT ARE NOT FULLY USED

Many Bank procedures—for example on procurement, contracting, and consultants—provide valuable flexibility for working with NGOs. However, staff rarely use this flexibility to the fullest. Standardly applied, Bank procedures often overwhelm the administrative capacity of NGOs and neutralize their comparative advantage as responsive and flexible innovators. The useful findings of the Internal Auditing Department's 1997 report on partnership with NGOs in the Africa Region are neither widely known nor practiced.

A PARTNERSHIP GAP

The Bank has many willing partners—among bilaterals and foundations—who know the local NGO context far better than the Bank does, have deeper NGO experience, a stronger presence on the ground, and a capacity to make grants. But opportunities for partnership are not being exploited, whether for capacity building, involvement in projects, or impact evaluation. The Bank's own comparative advantage in assessing the country policy environment as it affects NGOs is not being tapped.

**NGO-WORLD BANK STEERING COMMITTEE
AND RELATED MEETINGS
MARCH 9-10, 1998**

PARTICIPANTS

NGOs:

Manuel Chiriboga (outgoing Co-Chair), Latin American Association of Development Organizations, Ecuador
Victor Quintana, Equipo Pueblo, Mexico
Rajesh Tandon, Society for Participatory Research in Asia (PRIA), India
Jalal Abdel Latif, Inter-Africa Group, Ethiopia
Jihad Mashal, The Union of Palestinian Medical Relief Committees, Israel
Jane Covey (current Co-Chair), Institute for Development Research (IDR), U.S.A.
Andrew Hewett, Community Aid Abroad, Australia
Rachel Marcus, Save the Children, U.K.
Bruno Gurtner, Swiss Coalition of Development Organizations, Switzerland

WORLD BANK STAFF:

Ismail Serageldin, Vice-President, ESSD
Robert Drysdale, Director, SARVP
Roger Sullivan, Sector Manager, AFTI1
Anand K. Seth, Lead Operations Specialist, ECSRE
Anis Dani, Social Scientist, MNSED
Caroline Moser, Lead Specialist, LCSES
Paula Donovan, Director, FRMDR
Kris Martin, NGO Officer, EXTVP
Deepa Narayan, Principal Social Development Specialist, PRMPO
Aubrey Williams, Principal International Relations Officer, SDV
John D. Clark, Sr. NGO Specialist, SDVNG
Alex Rondos, NGO Specialist, SDVNG
Katherine Bain, NGO Specialist, SDVNG
Najma Siddiqi, NGO Specialist, SDVNG
Samantha De Silva, NGO Specialist, SDVNG
Winona Dorschel, NGO Specialist, SDVNG

D. EXTERNAL PARTNER

☐	IMF
☐	UN
☐	MDB/Other IO
☐	NGO
☐	Private Sector

☐	Part I
☐	Part II
☐	Other

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Marisela Montoliu
(Marie)

Date:

03/20/98

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