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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: [www.worldbank.org](http://www.worldbank.org)

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Non-Governmental Organizations [NGO] - Correspondence

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## OFFICE MEMORANDUM

DATE: January 31, 1991

TO: Mr. Alexander Shakow, EXTDR  
THRU: Mr. K. Sarwar Lateef, Chief, EXTIE *JS*  
FROM: Aubrey Williams, EXTIE *AW*

EXTENSION: 31768

SUBJECT: Briefing Note for NGO Meeting with Mr. Coady

1. The U.S. Executive Director, Pat Coady, has invited Mr. Rajagopalan and you to join him in a meeting at 9:00 a.m., Friday, February 1, in Mr. Coady's office. Chad Dobson and other U.S. environmental NGOs proposed the meeting to discuss (a) the adequacy of NGO consultation with the Bank, including consultation on the Bank's forest policy; (b) the Bank's depository libraries; and (c) environmental assessment training. Dobson and a group of NGO representatives from the Washington area (including Doug Hellinger and Carolyn Long) will attend. At present, no other EDs are expected to attend. Items (b) and (c) may or may not come up. There has been some effort on the NGO side to structure the meeting around a formal, wide-ranging agenda. Our information from Mr. Coady is that he intends to have a small group discussion that helps him to understand better the differing perspectives from the Bank and NGOs on the quality of consultations with NGOs.

NGO Consultation with the Bank

2. As you know, alongside the Bank-NGO Committee, there is a larger grouping of NGOs under the umbrella of the International NGO Forum on the World Bank and IMF. The latter comprises a mix of NGOs concerned with poverty and the environment, particularly the latter. Chad Dobson's Bank Information Center serves as an information clearinghouse for NGOs in general, and the members of the International NGO Forum in particular.

3. Despite the Bank's efforts to increase environmental NGO representation in the Bank-NGO Committee, members of the NGO Forum have generally preferred to work outside the Committee. They have been relatively effective in gaining access to Part I country EDs, and opening their own lines of communication with EXT, ENV, AGR and other parts of PRE and the Operations complex. Following the 1990 Joint Annual Meeting, Michel Petit has had a series of meetings with Washington-based NGOs on an appropriate strategy for consulting with NGOs on forest policy. Maritta Koch-Weser has informed Chad Dobson that her office is the central Bank clearinghouse on NGO involvement in the GEF, and has agreed to a series of routine meetings with NGOs (starting this Friday). - Biodiversity - will be the subject.

4. The meeting with Mr. Coady was prompted in part out of concern that NGOs were unclear about their status within the Bank to continue with NGOs on the GEF. In the meeting with Mr. Coady, it is likely

*University / Consultant / NGO - Technical info & discussion ok  
not as a PR activity.*

Mr. K. Sarwar Lateef

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January 31, 1991

the NGOs will complain that little initiative has come from the Bank in this respect, prior to Mrs. Koch-Weser's initiative. — Biodiversity —

Monday  
after  
Co. day  
meeting

5. Consultation with NGOs on forest policy has been the occasion for more extensive contact with Dobson and members of the NGO Forum. Dobson has taken the lead in trying to make this effort a model for future Bank-NGO consultation on Bank policy formulation and implementation. Unfortunately, for logistical and budgetary reasons we were unable to invite a group of NGOs from around the world to a workshop last December in which technical background papers were discussed. Instead, a small group of locally-based NGOs participated. EXT has since taken the initiative to mail a select number of the background papers to about 150 NGOs worldwide for comment. AGR plans to discuss the framework of the new forest policy with NGOs in late April 1991.

(mid April 22?)  
Date to be finalized  
-  
Pebbl  
amonging

6. Planning for the April consultation points up the difficulties in getting a balanced group of NGOs together -- with due regard to expertise, NGO philosophy, geographic representation and follow-up with previous workshops in Perth and Abidjan on forest issues. It has become more apparent that the idea which we floated during the Annual Meeting, namely to constitute an environmental subgroup within the Bank-NGO Committee, is a solution to this problem.

one day to  
discuss on GEF  
(Ken Harrison will  
be in office)  
agenda to be  
sorted

7. Unfortunately, although Dobson has personally warmed up the idea of a subgroup, he is concerned about how one gets the relevant NGO expertise at any one time on changing issues. He feels that a single subgroup cannot embrace the expertise to cover all environmental issues. David Beckmann and I have suggested that the subgroup might designate surrogates as needed. Should this issue come up in the meeting, you may wish to take up this position. (You might be interested to know that Dobson floated a proposal among the NGO colleagues that NGOs put together a 22 member group whose composition would mirror the Board of Executive Directors. This proposal did not get very far.)

8. The issue of appropriate funding of the consultative process on GEF, forestry, and environmental assessments is also likely to be raised. You might suggest that if a subgroup and consultative work program could be devised, the Bank might explore ways of financing the program. It is difficult to do so in an ad hoc fashion.

\$30,000  
fund for  
+  
Bank

Depository Libraries

9. The meeting is also expected to explore ways in which the Bank's depository libraries can be improved such that NGOs outside of the USA might have better access to Bank-generated documentation. This is an area where Jim Feather might be able to make some improvements, should appropriate suggestions emerge from the meeting.

Latin America

Mr. K. Sarwar Lateef

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January 31, 1991

Environmental Assessment Training*so far with the bank - courses 16-2 days*

10. EDI has responsibility for organizing training for government officials on implementing EA procedures. Dobson has proposed that NGOs participate in these training sessions, or that separate training be organized for NGOs. EDI has taken steps to urge governments to include NGOs in training sessions, but NGOs may not be satisfied with progress to date.

cc: Messrs./Ms. Rajagopalan (PRSVP); Maguire, Pratt, Sagasti (EXTDR); Cullen (EXTIP); Bhatnagar, Beckmann, Boucher (o/r), Hennin, Martin, Williams (EXTIE); Piddington, M. Koch-Weser, van Praag (ENVDR); Petit (AGRDR); Barghouti (AGRPS); Kavalsky (FRM); Newcombe (CODDR)

AWilliams:lmc

*introducing Bank's OD & basic concepts  
in context of LAC & African countries -  
No profound assessment training  
More substantive communication & expectations  
that go with it*

LIST OF PARTICIPANTS FOR WB/NGO MEETING  
FEBRUARY 1, 1991

Greenpeace	Cam Duncan
Bank Information Center	Chad Dobson
World Wildlife Fund	David Reed
Natural Resource Defense Council	Glenn Prickett
Environmental Defense Fund	Lori Udall
Interaction	Carolyn Long
Development GAP	Doug Hellinger
Friends of the Earth	Jim Barnes

# OFFICE MEMORANDUM

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JUN 27 1990 2:02

DATE: June 14, 1990

TO: Vice Presidents, Directors, and Division Chiefs

FROM: Alexander Shakow, Director, SPRDR

EXTENSION: 34697

SUBJECT: The World Bank and Nongovernmental Organizations (NGOs): A Review of Operational Experience

1. SPR prepared the attached paper as part of this year's set of development effectiveness studies. After reviewing the paper earlier this year, the President's Council suggested that the paper's message should be disseminated to Bank staff, especially those in Operations. Please circulate the attached to members of your staff who would find it useful and of interest.

2. The paper addresses two main questions: Based on the Bank's experience to date, what lessons can be derived from the specific country- and organization-based efforts to work more closely with NGOs? What specific actions are needed to enhance the development effectiveness of working with NGOs?

3. The paper concluded that the Bank's work with NGOs had started well, was stronger in some Regions (Africa and Asia) and sectors (agriculture, population, and health) than in others, and had room to continue to grow, provided that we remain cognizant of government sensitivity and the potential for occasional setbacks. Promising new developments and risks inherent in the Bank's attempt to work more with NGOs are captured in paragraphs 2.42 and 2.43. The report found that no substantial change in Operational Directive 14.70 (Involving Nongovernmental Organizations in Bank-Supported Activities) was needed.

4. Section IV summarizes conclusions and recommends future emphases for the Bank's work with NGOs. Among the issues for the future are how best to engage NGOs early in the project process and how NGOs could facilitate efforts to reach and involve people potentially affected by proposed projects. The President's Council agreed that the Bank should make a concerted effort to develop Bank policy and practice in regard to popular participation in project planning.

5. The report suggests a number of other specific recommendations of ways to strengthen operational links with NGOs as a way of improving project effectiveness. PRE will continue to work closely with Operations to encourage wide understanding of the lessons learned so far from the Bank's experience with NGOs.

Attachment

THE WORLD BANK AND NONGOVERNMENTAL ORGANIZATIONS (NGOS):  
A REVIEW OF OPERATIONAL EXPERIENCE

Strategic Planning and Review Department  
January 25, 1990



## THE WORLD BANK AND NONGOVERNMENTAL ORGANIZATIONS (NGOS):

### A REVIEW OF OPERATIONAL EXPERIENCE

#### I. INTRODUCTION

1.1. The Bank began to work with NGOs in the mid-1970s. Since the start of 1988, the Bank has made a systematic effort to expand its relationship with NGOs. The Bank has considered it important to involve NGOs in Bank-supported operations, in order to enhance the Bank's effectiveness on social and environmental issues. At the same time, the Bank has maintained ongoing dialogue with NGOs on broad issues of policy, notably environment and the social impact of adjustment.

1.2. The diversity of NGOs strains any simple definitions or classification. NGOs include a wide variety of groups and institutions that are entirely or largely independent of governments, and characterized primarily by humanitarian or cooperative, rather than commercial, objectives. An Operational Directive (OD 14.70, reissued August 1989) on "Involving Nongovernmental Organizations in Bank-Supported Activities," is attached as Annex 1. It sets out a framework for the Bank's work with NGOs.

1.3. As part of the FY90 Development Effectiveness Review, this paper assesses the Bank's interaction with NGOs and draws preliminary conclusions about the effectiveness of NGOs' involvement. The review looks selectively at how NGOs performed in light of the roles they are considered most likely to play, as set down in OD 14.70. Although the Bank does not lend directly to them, NGOs' interaction with the Bank can include the following main areas: project identification; project design; project implementation; project financing; monitoring and evaluation; and analysis of development issues. Examples are cited from various sectors, where the Bank's experience is richest, to illustrate points in the main text. The diverse array of NGOs, indigenous and international, is viewed around five major, often overlapping clusters: self-help or community associations; cooperatives; advisory consultants and works contractors; service provider/intermediary NGOs; and policy advisory groups.<sup>1</sup> Part II country NGOs tend for the most part to be community

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<sup>1</sup>Community self-help associations are member-run grassroots organizations which represent local special interests, such as farmers', water users', and women's associations. Cooperatives are voluntary organizations set up to generate and protect economic benefits for their members. They can be considered NGOs in that they often have, in addition, non-economic ends, such as social equity, and conduct a range of voluntary

associations, cooperatives and service provider/intermediary NGOs, as well as policy advocacy groups which often take the form of professional institutes or associations. Several proficient service provider/intermediary, indigenous NGOs have appeared in Asia and Latin America. Most of the Northern or Part I country NGOs with which the Bank has interacted are service providers, consultants and policy advisory or lobbying groups.

1.4. The Bank provides relatively little direct grant financing to NGOs. All the bilateral agencies, IADB, and EEC maintain substantial grant funding programs. A few DAC Members have tried to assess their cooperative arrangements and the performance of European and North American NGOs which they supported. DAC evaluations tend to confirm that NGOs have been effective in their ability to work at the grassroots level, to address basic human needs and to operate in remote areas often unserved by national governments or official donors. Various studies reveal, however, that the NGO record is uneven, differing from country to country, from NGO to NGO and from sector to sector. Limitations and weaknesses persist in regard to management, project replication, and NGOs' ability to collaborate at appropriate levels with services of host-country recipient governments.<sup>2</sup>

1.5. This report is based on a major review by CECPS, as well as annual NGO progress reports prepared by SPRIE; Regional Progress Reports submitted to the SVPOP; and comments on earlier drafts of this review. It is organized in three main sections. Section II is a statistical and descriptive review of Bank-assisted projects with NGO involvement. Section III sums up lessons of experience.

1.6. In Section IV, the report draws together tentative conclusions, and puts forward a few recommendations. Conclusions are

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activities. Service provider/intermediary NGOs, which can be international or indigenous, provide services mainly to the poor, or to people in remote areas. They often organize beneficiaries to take advantage of government and donor-supported programs. In this sense, they serve as intermediaries with government and donors on behalf of the poor. Consultant-type NGOs contract out their services like private groups. Unlike service providers, they do not normally offer services on an ongoing basis to a clearly identified constituency. Instead, they agree to implement project components, technical assistance or public works, as delineated in requests for proposals. Policy advocacy groups often focus on human rights or environmental issues.

<sup>2</sup>OECD, "Voluntary Aid for Development: The Role of Nongovernmental Organizations," Paris, 1988, pp. 102-115.

tentative because an assessment necessarily draws disproportionately on the period prior to 1988 when the Bank's involvement with NGOs was left largely to individual staff initiative. In summary, the report concludes that NGOs, especially indigenous NGOs and international NGOs with activities in developing countries, have played a positive role in Bank-supported activities. NGOs have been most involved and effective in project design and implementation. The Bank should continue to involve NGOs in the sectors where NGOs are strongest while placing more emphasis than in the past on income generating activities. The Bank should seek to make a greater contribution in helping to create an "enabling environment" that facilitates NGOs' contributions and decentralized management. Beneficiary participation should be promoted, and the analysis of development issues pursued with NGOs.

## II. NGO INVOLVEMENT IN BANK-SUPPORTED ACTIVITIES

### Distribution of Projects with NGO Involvement

2.1. The first four tables of Annex 2 show (a) the total number of Bank-supported projects involving NGOs by sector and region; (b) the breakdown of projects with NGO involvement by country; (c) based on the CECPS retrospective, the frequency of NGO involvement in Bank-supported projects by region and type of NGO; and (d) the frequency of NGO involvement by sector and type of NGO. Between 1973-1988 about six percent of Bank-supported projects -- over 200 projects -- have involved NGOs, although there appears to have been significant underreporting of community associations in the past. There has been a sharp upswing in involvement in the past year. Of the 225 projects approved by the Bank's Board in FY89, 49 projects in 25 countries involve NGOs (Annex 2, Table 5). NGOs have worked with the Bank in just over half of all countries which have received Bank financing. The dollar value of NGO components of Bank-financed projects has not been systematically recorded over time. With very few exceptions, the share of Bank financial support to NGOs has been on average less than five percent of total project cost. Africa and Asia show the most involvement; EMENA the least. Nearly half of the projects with NGO involvement have been in agriculture, followed by population/health, and infrastructure/urban development. Service delivery and advisory consultants/works contractors NGOs account for the major types of NGOs involved.

Retrospective: What Has and Has Not Worked

2.2. Against this background, it is possible to assess NGO involvement in several areas of the Bank's operational work -- project identification and design, project implementation, monitoring and evaluation, and the analysis of development issues.

2.3. Project Identification and Design. OD 14.70 indicated to Bank staff that NGOs can be sources of information on intended beneficiaries and technological and institutional innovation. Small NGO programs sometimes can become the model for a larger Bank-financed project. NGOs may serve as consultants or sources of information for the Bank, government, or local communities during project preparation.

2.4. Indigenous grassroots NGOs clearly emerge in the Bank's experience as among the best sources of information on behalf of intended beneficiaries. For example, the Range and Livestock Associations formed in the Somalia Central Rangelands Development Project were not only viable intermediaries with whom the government could dialogue, but were also responsible for introducing the concept of Nomadic Health Assistants who provide services on a full cost-recovery basis.

2.5. In the Yemen Arab Republic, the Bank's First Education Project had little impact at the community level because it was planned and implemented without adequate assessment of rural community needs. The follow-up project was successful because it drew the country-wide network of Local Development Associations -- community-based NGOs -- into curriculum development, and project identification and implementation. Taking an example from Asia, the Philippine Communal Irrigation Program shows how local associations effectively participated in planning and implementation. Farmers were given opportunities to influence design, responsibility for maintenance, and eventual ownership of their irrigation systems. An external evaluation noted that the irrigation associations were more likely to use water distribution methods that assured greater equity of water access to members, and also to use sound financial management practices. Because they participated in the design process, the irrigation associations contributed more to project costs and subsequently paid a greater percentage of loans due.<sup>3</sup> The World Bank favorably appraised this approach. The Communal Irrigation Development Project (1982) has played a supportive role in expanding the system. In the Mali and Guinea Health Development Projects, successful cost recovery can also be attributed to prior participation

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<sup>3</sup>Frances Korten and Robert Siy, Jr., Transforming Bureaucracy: The Experience of the Philippine National Irrigation Administration, Kumarian Press, 1989.

by representatives of community associations and other NGOs in setting fee levels and implementation arrangements during the design of the project.

2.6. General lessons from this experience would appear to be that the benefits of participation by community associations and cooperatives tend to be higher whenever a project is designed to help a specific group of people; if beneficiaries must cover some of the costs; whenever a project's beneficiaries need to be actively committed to make a project work; and when face-to-face communication is necessary for channeling information and raising client acceptance. Bank-supported population, health and nutrition projects seem to have relied more than other sectors on community groups as channels for information and group communication, aimed at service acceptance. Between 1981-87, about 60 percent of family planning, health care and nutrition projects relied on community support groups for these purposes.

2.7. In 31 of 202 documented projects with NGO involvement (15 percent), one or more of the NGOs is a community association. This small percentage may be a result of underreporting, as community associations were not included as NGOs by Bank staff responsible in earlier years for documenting cases of NGOs involvement. Over half of the 31 are in the agriculture sector, and another eight in PHN depend on grassroots NGOs to disseminate family planning/health care information and services.

2.8. OD 14.70 mentioned that small NGO programs are sometimes sources of institutional innovation which can become the model for a larger Bank-financed project. But it appears there is relatively little of this happening in the Bank's experience. Once again, the PHN sector offers the best examples. In Kenya, NGOs contributed to the design of information programs in the Second and Third Population Projects. In Bangladesh, the Bank actively supported NGOs in experiments with income-generating activities designed to help expand demand for family planning services -- with a view to replicating these experiments on a wider scale within the context of the national family planning program.

2.9. The Bank's Operational Directive also suggests that involvement of NGOs at an early stage in project design could be helpful. Where service delivery or intermediary NGOs were actively involved in project preparation, there was better NGO collaboration with the government and the Bank. Since 1987, there has been clear evidence of greater consultation by project authorities with NGOs earlier in the project formulation process. In the past, very few grassroots NGOs seem to have been active participants in the project planning phase. Then as now, Bank staff attitudes may have been the single most important factor in terms of the degree to which NGOs have been involved early on by project authorities. The CECPS review of

the Bank's experience with NGOs suggests that an oft-mentioned reason for not systematically building grassroots NGOs into the project design process is the fear that beneficiary expectations may be raised beyond the project's capacity to deliver. The process is also time-consuming, and it is difficult for Bank staff to verify who speaks legitimately for whom at the community level.

2.10. Project Implementation. OD 14.70 suggests to staff that an NGO may be (a) a contractor or manager engaged by the government and financed from the loan proceeds or through trust funds; (b) a financial intermediary or a supplier of technical knowledge to local beneficiaries; (c) an adviser either assisting local beneficiaries to apply for project resources or organizing local communities to make use of project facilities; (d) an independent partner implementing activities complementary to a Bank-financed project, (e) the recipient of a government grant or loan funds; and (f) the beneficiary of an NGO funding mechanism established by the project.

2.11. In 71 of 202 projects (35 percent) in the CECPS retrospective, NGOs participated as consultants or management contractors. Service providers/intermediaries made up another 45 percent of the cases in the CECPS review. It is clear that Bank staff have tended to perceive a role for NGOs mainly in these forms.

2.12. Agriculture, industry/energy, and infrastructure/urban were the sectors where NGOs worked most as consultants in the context of project implementation. In agriculture, NGOs implemented training programs in 17 projects between 1973-1988, coordinated community forestry activities in nine, organized and provided managerial assistance to cooperatives in at least six, and provided financial assistance to grassroots organizations in three. Seventeen industry/energy sector projects included consulting NGOs, usually in a technical capacity. Within the infrastructure/urban sector, 23 projects involved NGOs as advisory consultants/works contractors.

2.13. International consulting NGOs generally have performed well in the Bank's experience. There is some evidence, furthermore, that consultant NGOs have occasionally attempted to set a positive example for the public sector through training or the diffusion of new technology. For example, in the Mali Health Development Project, a Belgian NGO successfully introduced low-cost computer technology into the Ministry of Health's data collection, health planning and project management departments.

2.14. The Mali Health Development Project also illustrates some of the problems that may emerge when there is inadequate appraisal of a major contractor, in this case an NGO. ADAUA, an African NGO with a satisfactory track record in Mauritania and Burkina Faso, was encouraged by the Malian Government to set up services in Mali. ADAUA has been experimenting over several years in using local

labor to construct low-cost, stabilized-earth buildings and contracted to build 18 health centers in remote areas of Western Mali. Serious problems arose. ADAUA had mounting cash flow constraints, some senior technicians in the Ministry of Public Works resisted ADAUA and showed little interest in the diffusion of new technology or the training and demonstration effects of the project. The terms and conditions of the contract with ADAUA also proved inadequate to the circumstances of an NGO. The mechanism of verification and certification of works was gradually de-linked from payment procedures, as a result of the Ministry of Public Works' inability to provide certification expeditiously. This experience appears to stand out as an exception, and illustrates the importance of conducting an in-depth appraisal of new contractors of any kind, particularly when new technologies are to be introduced.

2.15. Although the record is mixed, consulting and contracting NGOs seem to have generally cost less than private commercial agencies. In the Second Liberia Education Project, CARE constructed primary schools at a cost estimated to be 30 percent less than for-profit contractors. In public works, CARE's road construction in Sierra Leone's Eastern Integrated Agricultural Project was expensive, primarily, in the view of Bank staff, because CARE refused to compromise on quality to reduce costs.

2.16. Cooperatives also feature among positive examples of the Bank's attempts to work with NGOs in project implementation. In the CECPS retrospective, 41 of 202 projects with NGO participation between 1973-88 involved the creation of or coordination with cooperatives. Of these, 25 were agricultural projects in Africa. The Bank has only in a few instances built a project entirely around a cooperative, notably in the Fourth Korea Agricultural Credit Project (FY85) and the National Cooperative Development Corporation Project in India (FY79). More often, cooperatives have been involved as financial intermediaries or a supplier of technical knowledge and inputs to local beneficiaries.

2.17. What we have classified as service delivery/intermediary NGOs also played a positive and increasingly important role in project implementation. For example, after a long history of failed Kenyan government rural water supply projects, the Kwale Water Project was successful in part because the Bank encouraged a Kenyan NGO (Kenyan Women for Health Organization) to assist in the formation of local water committees. In the urban sector, the Lusaka Squatter Upgrading Project and the Guatemala Earthquake Reconstruction Project exemplified how intermediary NGOs can communicate project information to beneficiaries.

2.18. Service/delivery intermediary NGOs occasionally had expectations during project implementation that were in conflict with those of the borrower and the Bank. According to the CECPS review,

the time pressure to implement and disburse on schedule caused project authorities to partially circumvent the intermediary role assigned to an NGO in the Lusaka Upgrading project. Similarly, in the Second El Salvador Urban Development Project, a low-income housing foundation contracted to implement the entire project. There was tension between the Bank's and Government's interest in getting physical implementation going, and the NGOs' additional interest in using the project to further community development and self-help values.

2.19. The agricultural and PHN Sectors provide the best examples of the involvement of service delivery NGOs working as partners within a broader program. Population projects in the late 1970s and early 1980s made a conscious attempt to support the efforts of NGOs toward fertility reduction. The strength of NGOs' service delivery capability became evident during the implementation of the Trinidad and Tobago Population Project. Bank resources had been channeled entirely through the public sector. By the end of the project, Trinidad's private family planning association, with only two clinics, had recruited half as many new family planning acceptors as all of public sector's clinics combined.

2.20. NGOs have more often received government grants than loans in the context of Bank-financed projects. Since the mid-1980s, NGOs have increasingly benefitted from funding mechanisms established by Bank-financed projects. Many health and population projects include components of grant funding to NGOs. Starting with projects in Burkina Faso and Brazil, and now continuing with adjustment-related social projects in a number of countries, the Bank has also financed a growing number of cross-sectoral NGO grant funding mechanisms. By contrast, the Bank has done relatively little on-lending to NGOs who are involved increasingly in making credit available to women, microenterprises and the informal sector in general.

2.21. The review of NGOs' involvement in project design and implementation would be incomplete without referring back once again to earlier discussion of the role and contribution of community associations (paras. 2.4-2.5). Community associations have also helped to ensure benefit sustainability. OED assessed the impact of 25 projects, nearly all in agriculture, five to ten years after the investment period and the Bank's involvement were completed. OED concluded that of the 12 that were clearly sustainable, a major contribution to sustainability came from the development of grassroots organizations.

2.22. The Bank's limited experience in working with grassroots NGOs and in promoting beneficiary participation, however, has often been unplanned. In a review of 13 recent project completion reports in which NGOs had been involved, community associations played a much



larger role in four projects during implementation than had been foreseen at appraisal.

2.23. Project Financing. The Operational Directive on NGOs states that some international NGOs may co-finance a project or, more likely, finance activities complementary to a Bank-financed project. This has been rare. The only significant example is Rotary International's financing in 1989 of a new Oral Polio Vaccine plant in China (China Rural Health and Preventive Medicine Project).

2.24. Monitoring and Evaluation. The Operational Directive notes that NGOs may assist the government, a project entity, or the Bank in monitoring project progress or evaluating results. Or, as Mr. Qureshi said in a speech before the Washington chapter of the SID Conference on "Learning from the Grassroots" in April 1988, "where bureaucratic eyes are astigmatic, NGOs provide vivid images of what is really happening at the grassroots."

2.25. It would appear that there are few, documented examples wherein a project entity deliberately designated an NGO to assist in monitoring project progress or evaluating results. Nevertheless, in the course of carrying out their management and technical assistance contracts, service delivery/intermediary and advisory consultant NGOs have successfully carried out periodic evaluations on behalf of the borrower. In the Mali Health Development Project, for example, a Belgian NGO played an exemplary role in monitoring the implementation of a health service fee and cost recovery program. The NGO's periodic evaluations examined not only the volume of receipts and trends, but also the relationship between the cost of drugs and the viability of the cost recovery system. Furthermore, the NGO attempted to assess the impact of cost recovery on the willingness of poor mothers to attend health clinics.

2.26. A less orthodox but often dramatic expression of NGO "monitoring" has of course been the role some human rights, environmental and policy advocacy groups have played in involuntary resettlement. NGO involvement, in this regard, is quite different from NGO involvement in "normal" or regular development project interventions. It has occurred when development projects entailed involuntary population displacement and relocation -- for instance, when dam reservoirs submerge populated segments of river valleys, or when highways cut across farmers' cultivated lands. The involuntary resettlement of people affected by such projects causes profound economic and cultural disruption. Some NGOs have flatly opposed any resettlement and the projects that cause them. Others have asked for many years for a recognition of their capacity to assist displaced

groups, but many governments have strongly opposed such NGO participation.<sup>4</sup>

2.27. Bank-NGO interaction on environmentally controversial projects includes projects in Botswana, Brazil, India, Indonesia, Malaysia, the Philippines, Rwanda and Sri Lanka. International NGOs -- like OXFAM (UK), the Environmental Defense Fund, Survival International, and others -- have repeatedly criticized poor resettlement performance under Bank-financed projects and have signaled to the Bank cases when resettlement does not proceed satisfactorily.

2.28. The most recent example concerns the Ruzizi dam on the Rwanda-Zaire border. A Rwandese NGO pointed out that actual compensation and the extent of resettlement were at odds with appraisal estimates. Failing to get redress on behalf of those affected, the Rwandese NGO contacted OXFAM (UK) which, in turn, entered into a generally constructive exchange with the Bank. An in-depth investigation was carried out by an independent consultant and, based on his recommendations, the Bank has entered into discussions with the governments concerned.

2.29. In the Narmada River Development/Sardar-Sarovar Dam and Power Project, NGOs helped to rectify unjust land compensation practices. This project remains controversial. The Bank postponed its appraisal of India's Upper Krishna program three times because of inadequate resettlement plans. Government has since contracted with an Indian NGO to plan the resettlement program, to train government staff and to help organize the affected communities.

2.30. Environmentally controversial projects have encouraged many Northern NGOs, allied with a broad array of indigenous NGOs (particularly in India, Indonesia and Brazil) to lobby against some of the development policies of the World Bank. Brazil's Polonoroeste Program provoked Washington-based environmental groups to organize an international effort to get the development banks to deal more adequately with environmental issues.

2.31. When borrowers agree, the Bank now encourages NGOs' participation in the timely preparation of the technical and social resettlement plans that must be included in the Bank-financed projects that cause dislocation. In India, MYRADA, an NGO specialized in resettlement, assisted in planning for the resettlement of over 100,000 people. In Brazil, a coalition of local NGOs (the Union of Rural Laborers) played an effective role in defining the context of

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<sup>4</sup>Michael M. Cernea, "Nongovernmental Organizations and Local Development", World Bank Discussion Paper, Washington, D.C. 1988, pp. 33-37.

the resettlement plan that is the centerpiece of the Bank-financed Itaparica resettlement and area development project, approved in 1987.<sup>5</sup> The Bank also encourages the involvement of NGOs in the environmental impact assessment process.

2.32. Analysis of Development Issues. The Operational Directive points to the fact that Bank staff and governments can learn from NGO assessments of official development programs, especially regarding the concerns of low-income groups. There may be a role for NGOs in adjustment programs. Country economic and sector work on poverty-related issues could benefit also from NGOs' views, particularly those of local NGOs.

2.33. NGOs have had some influence on the Bank's general policies, notably regarding environment and the social costs of adjustment. Over the past few years, the Bank's main response has been to be open and responsive to criticism where it is constructive and valid. Advocacy NGOs are now pursuing a variety of issues, including: public access to information and consultation with affected communities; debt reduction; creation of an environment facility; support for debt-for-nature or debt-for-development programs; particular environmentally controversial Bank-financed projects; global warming; the Bank's energy lending policies; the weight of poverty in the allocation of IDA resources; and the social impact of adjustment programs. On many of these issues, most NGOs' views are sharply different from the Bank's. Some of the most active advocacy groups with an interest in the Bank now gather at alternative conferences at the time of the Bank-Fund Annual Meetings; about 200 came to Washington in September 1989.

2.34. Since 1982, the NGO-Bank Committee has provided a formal forum and focal point for the Bank's discussions with NGOs. The Committee meets once a year. The 26 NGO representatives on the Committee are respected NGO leaders from a wide variety of countries and types of NGOs. Initially, the NGOs on the Committee all came from industrial countries, but three-fifths of the Committee NGOs now come from developing countries. The Committee has often been a frustrating exercise for everyone involved. But it has provided the Bank with some helpful guidance and feedback on its growing operational engagement with NGOs. Some of the Committee NGOs have been active in helping NGOs in their countries and regions understand and respond to the Bank's increased interest in NGOs.

2.35. Several Bank-NGO initiatives have been proposed by the Committee. The Togo initiative (para. 2.41) began in a Committee discussion. Committee NGOs provided early inputs into the recently published long-term perspective study on Africa. More recently, the

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<sup>5</sup>Cernea, op.cit., p. 36.

Committee proposed country-level consultations on poverty and adjustment in Africa and Latin America and the recruitment of an African NGO member to serve in the Bank's Social Dimensions of Adjustment (SDA) Unit. Progress on these recent initiatives has been slow, partly because the Committee NGOs are scattered worldwide and have difficulty working together between meetings.

2.36. A part of the Committee's work has consisted of an exchange of views on broad development issues such as those mentioned in paragraph 2.33. While these discussions may have contributed to some evolution of the views of those involved, they have mainly underlined the substantial differences of perception of these issues by the Bank and many NGOs. In the past two years, the Bank-NGO Committee has also begun to look at some difficult operational issues, such as greater public access to Bank-generated information, and beneficiary participation. Following discussion in the Committee, the Bank reviewed and somewhat modified its information disclosure policy. Many NGOs (particularly although not exclusively in Part I countries) acknowledge that these are positive steps forward, but regard them as far too modest. This issue is also relevant to the question of beneficiary participation on which the Committee had a first exchange in November 1989. The discussion indicated considerable convergence of views on the issues, and, as a next step, Bank and NGO members of the Committee are to prepare a joint paper.

2.37 Bank consultation with local NGOs on development policy issues at the national level is still a fairly rare occurrence. In most instances, the issues were first raised by international NGO networks -- Indonesia transmigration, for example. In other instances, Bank staff have taken the initiative on their own and found NGO perspectives useful. In Chile, for example, Bank staff have turned to NGOs for statistics and insights on social issues. Also in Laos, where government sources of information are very weak, Bank staff have sought out NGOs for information and policy perspectives.

#### New Developments

2.38. As mentioned in para. 2.1, there has been a significant increase in NGO involvement in Bank-supported projects in FY88-89. The data shown in Annex 1, Table 5 show only part of the upswing. Based on information received from the Bank's regional offices, a List of World Bank Projects with Potential for NGO Involvement is prepared regularly by SPR. It now includes 220 upcoming operations in which Bank staff see potential roles for NGOs. SPR helps operational staff to identify NGO partners and design NGO components in projects, while disseminating experience through reports and staff seminars.

2.39. Some new trends are also evident. Most of the NGOs engaged in Bank-supported activities now are grassroots or national

NGOs. NGO involvement in adjustment-related projects increased this year. The mechanism for NGO involvement in most of these projects is modeled after the Bolivia Emergency Social Fund, in which an autonomous project authority finances subprojects proposed by NGOs and other community-based organizations. Under the Guinea Socio-Economic Development Project, for example, the Government has established a US\$6 million fund from which grants would be transferred to NGOs for small-scale rural development subprojects. Other SDA projects are being developed along similar lines.

2.40. Another trend is increased NGO involvement at the project design stage. NGOs were involved in the planning and design of nearly a quarter of this year's 49 cases, while they were only similarly involved in three of last year's 21 cases. Through the country assessment and environmental action planning process in Africa, NGOs have been active in assessment and project planning in Madagascar, Lesotho, Mauritius, Rwanda and Burkina Faso.

2.41. The Bank is also beginning to strengthen the relationship between NGOs and government. In Uganda, under the proposed PAPSCA (poverty and adjustment alleviation) project, the Government is considering entrusting to an NGO functions related to training, advice, procurement and the management of funds at the community level. One objective of the Philippines Health Development Project is to promote collaboration among the government, local communities and NGOs. In Guatemala, and more recently in Honduras, the Bank has helped bring government and NGOs together in a common forum to explore complementarities and strengthen coordination with the public and private sectors in assisting the poor. The Togo Grassroots Development Initiatives Project is a promising partnership between government and NGOs. Under the impetus of an IDA-sponsored pilot program, the Government and the NGO community grappled with the practical problems of working together before mounting the first free-standing Bank-financed NGO project. Despite initial implementation setbacks centered on rivalries and tensions among NGOs and poor engineering of one of the pilot NGO projects, Togo appears to show that in Africa arrangements can be worked out that bring governments, NGOs and beneficiaries together at various levels.

2.42. Elsewhere, the Bank is working with government officials to help establish public policies and institutions that are conducive to effective NGO contributions to national development. In Nigeria's Second Multi-State Agriculture Development Project, one state will develop appropriate policies for the formation of water users' associations. There are a few examples of various Bank country studies which examine ways in which government can promote a better environment for NGOs. In 1989, the Bank published a report on poverty in Nepal which documented NGO contributions and suggested steps by which Government, official donors and NGOs themselves could enhance NGO effectiveness. The Bank also completed a report on NGOs in

Colombia; it focussed on microenterprise programs. Significant discussions of NGOs are being included in various Bank country studies, including Chad and Indonesia. Many developing-country governments have become more aware of NGOs, and some governments are taking steps to encourage NGO efforts to overcome social and environmental problems. The Bank's interest in NGOs has contributed to this trend.

2.43. The potential value of these new developments must be weighed against the cost or risk for borrowers, NGOs and the Bank alike. There is a risk and concern among some NGOs that the attention which some official agencies are giving to NGOs may provoke governments to tighten regulations. In Bangladesh, for instance, the Government's initial response to Bank urgings for NGO deregulation was to tighten regulations, although the President has now promised to rectify the problem. NGOs are also concerned about risks associated with forming umbrella organizations through external prodding or intervention, as Togo and Zaire illustrate. For the Bank, there are risks that project processing could be slowed because of governments' ambivalence over including NGOs in a lending operation. In a proposed Brazil Basic Education Project, loan negotiations were held up in part because the Federal Government objected to major NGO involvement in a pre-school program.

### III. LESSONS OF EXPERIENCE

3.1. Geographic and Sectoral Strengths. Bank-NGO involvement in different regions is dependent on four factors, namely, the strength of NGOs in these regions; interest of governments in NGO work; interest of local NGOs in Bank support; and the interest of Bank staff in such work. These four conditions are to a large extent present in the Africa and Asia regions. The situation is more uneven in LAC; Central America (including Mexico), Brazil and Bolivia offer more immediate opportunities than elsewhere. EMENA, while less active than other regions, increasingly offers opportunities in the social sectors, education and women's development.

3.2. Certain lending sectors -- agriculture and rural development; population, health and nutrition; energy, infrastructure and urban development -- have attracted the most NGO involvement. Recently, NGO involvement in environmental work has increased, reflecting more activity by the Bank in this area and the fact that some NGOs have had long-standing experience in land conservation and wildlife protection. Other well established lending sectors, notably education, included much less NGO involvement -- reflecting the Bank's focus on formal (primary) education as opposed to pre-school and non-formal education and adult literacy where NGOs are more active. The Bank also appears to have done relatively little with NGOs in

promoting income-generating activities in the so-called informal sector through credit, training and related activities. This perception is particularly relevant in light of the Bank's emphases on women and fertility reduction. In the context of the Bank's work on population and women in development, there may be greater scope for working with NGOs in interventions which increase women's education, productivity and earnings, all of which contribute to reducing fertility.

3.3. Staff Understanding. It is clear from SPR's relationships with other parts of the Bank that a large section of the Bank is aware of senior management's NGO initiative, but most Bank staff are still relatively unfamiliar with NGO activities and capabilities. In interviews conducted by CECPS, staff were most familiar with service delivery NGOs and consultant NGOs. Such familiarity reflects the fact that most of the Bank's experience has been derived from work with these two types of NGO. Most Bank staff find advocacy NGOs a frustrating annoyance. Many are also only beginning to consider community organizations, women's groups and precooperatives as nongovernmental intermediaries among the poor.

3.4. It is also apparent that much documented evidence about NGO involvement is anecdotal. Until recently NGO "watchers" in the Bank have been few in number and have had to make do with trying to keep a statistical and descriptive record of NGO involvement in Bank operations. Much of what NGOs bring to development projects are intangible yet important inputs of motivation, education and organization. How NGOs interact with each other, with government and with beneficiaries -- in other words, the development effectiveness of NGO interaction -- needs further study and understanding in the Bank.

3.5. NGO Performance. NGOs have been involved in Bank-supported projects primarily (in over 50 percent of cases reviewed) as implementors. Those involved in project design and planning accounted for only about 10 percent of the cases. Some types of NGOs such as community associations have had limited involvement in Bank-supported projects.

3.6. NGOs have been shown to be effective intermediaries in stimulating participation by beneficiaries in Bank-financed projects. Beneficiary participation has been critical to the success of projects designed to help a specific group of people; if beneficiaries must cover some of the costs; when beneficiary commitment is necessary for utilization and maintenance; and when face-to-face communication is necessary for raising client acceptance. Increased involvement by indigenous NGOs is taking the form mainly of community associations, cooperatives and intermediary NGOs.

3.7. NGOs are likely to perform better in the project context if they are involved in project identification and preparation. This

said, it is also true that grassroots NGOs and cooperatives often have played a greater role in project implementation than had been foreseen. Where Bank staff and project entities have been able to develop contact with community associations and cooperatives, there have been opportunities to continue appraising the wider institutional context in which projects are being implemented.

3.8. Service delivery NGOs are often an effective and attractive option to development planners less because of cost considerations and more because of the values and commitment the best NGOs bring to their work, their networking ability, and their willingness to work in remote or poor areas where there is little private or government activity. Some NGOs which have contracted with governments to provide services have done so at lower cost than their for-profit counterparts on the public sector. Others, however, have been as or more expensive.

3.9. In spite of the assertion in the Bank's Operational Directive that NGOs can provide innovative development models which can be scaled up through Bank-assistance, there are very few examples of this phenomenon in Bank-supported projects. The best examples seem to come from population and health.

3.10. NGO Monitoring and Advocacy. In the course of carrying out their management and technical assistance contracts, intermediary and consultant-type NGOs have successfully carried out periodic evaluations on behalf of the borrower. A less orthodox form of NGO "monitoring" has been in involuntary resettlements. Indigenous and international NGOs have often successfully brought to international attention failure by project entities to abide by the Bank's own guidelines. The advocacy role of some NGOs has brought antagonism to their relations with some developing-country governments and the Bank. Transnational networks of environment, development and human rights NGOs present new opportunities and challenges for the Bank. While NGO involvement as critics and policy advocates in Bank-supported projects has often been irritating and time-consuming for Bank staff, such involvement has often helped to improve project quality and accountability.

#### IV. CONCLUSIONS AND RECOMMENDATIONS

4.1. NGOs -- especially indigenous NGOs and international NGOs with activities in developing countries -- have a complementary role to play in Bank-supported activities. They have contributed toward the pursuit of the Bank's development, environment, and poverty alleviation objectives in a variety of ways, notably by having:



- (a) reached poor communities and remote areas with few basic resources or little infrastructure, and where government services are limited;
- (b) demonstrated skills and experience in identifying community needs and promoting community participation;
- (c) shown vigilance with respect to the interest of the poor, particularly on issues pertaining to resettlement, compensation and environmental assessment;
- (d) sometimes operated at low cost by using minimal overheads, local staff, and small-scale and gradual approaches to development; and
- (e) tested and augmented the potential for cost recovery.

4.2. The Bank is also now more aware than before of the limitations and difficulties in working with NGOs:

- (a) Many NGO-sponsored activities are too small and localized to have important regional and national impact. Where governments and NGOs are favorably inclined, the Bank has helped to set the stage for bringing NGOs and governments together to increase coverage and impact.
- (b) The cost of bringing NGOs together for sector development is high in terms of logistics and time required of NGOs, government and the Bank. To the extent that NGO-sponsored projects increase their impact and contribute to the sustainability of poverty reduction programs, such costs may be worthwhile in the long-run.
- (c) Many indigenous NGOs are not well endowed in terms of financial and managerial resources. Some have initiated infrastructure projects with inadequate technical analysis. However, the Bank is increasingly learning to appreciate the important contribution of indigenous, intermediary NGOs which have credibility with beneficiaries and local government and are willing to accept management assistance.
- (d) The advocacy role of NGOs is a source of conflict in the Bank's relations with borrowers. Uncomfortable as these relations have been over the last decade, they have sometimes brought significant improvement to project

implementation and the Bank's development and environmental policies.

4.3. It is still too early to fully assess the recent expansion of the Bank's work with NGOs in support of project effectiveness. But looking back at NGO involvement in earlier projects, this review concludes that on balance NGO involvement has been more than satisfactory. Its growth over the past two years has been surprisingly vibrant. To guide the further development of NGO involvement in Bank-supported activities, the following considerations are suggested:

- (a) The Operational Directive on Involving NGOs in Bank-Supported Activities (OD 14.70) continues to provide appropriate guidance to staff. To foster increased staff understanding of the Bank's openness to working with NGOs, senior management should continue to take appropriate opportunities to express its support for activity in this area, and SPRIE should continue its staff training work. In addition to its overview responsibility, SPRIE should continue to give priority to developing relevant policies and supporting efforts by Operations staff to involve NGOs in their work.
- (b) In addition to continued efforts to involve NGOs in operational activities, the Bank should also look for opportunities to encourage overall public policies that facilitate the work and contribution of development NGOs in borrowing countries. While Bank staff must continue to work in conformity with governments' policies toward NGOs, they should also be encouraged to make recommendations on how to include NGOs more fully in decentralized planning and poverty reduction efforts. Strategies should be explored whereby local government, NGOs and perhaps the private sector seek to mediate between resources flowing from above and demand and resources coming from below.
- (c) The involvement of beneficiaries and potentially adversely-affected populations in the design of Bank-financed projects is a sensitive issue, but an area where the Bank should do much more. Many intermediary and advocacy NGOs and some of OED's conclusions would suggest that the Bank's major contribution to the poor may well be less in terms of transfers and more in terms of helping to create a participatory environment for the poor and organizations of the poor. The issue of beneficiary participation is being studied in several parts of PPR and was discussed at the November 1989

meeting of the Bank-NGO Committee. These studies should provide a basis for preparing an overview paper and recommendations to senior management later in 1990.

- (d) So far, the Bank has placed more emphasis in supporting the relationships between NGOs and governments rather than NGOs and the Bank, and this remains appropriate. As this work develops, we will need to monitor whether the additional budgetary cost of NGO involvement is becoming a major constraint. In addition, it may be appropriate at some future time for the Bank to again consider providing small direct grants on a pilot basis to facilitate the involvement of NGOs in Bank-supported operations.
- (e) While making it clear that the Bank's primary objective is to find ways to work effectively with NGOs in our client countries, the Bank should continue to invite two-way dialogue with NGOs on issues of mutual concern. The Bank should continue to encourage these discussions within the Bank-NGO Committee, but, more importantly, through expanded external relations work with NGOs.
- (f) Finally, because NGO involvement in Bank-supported activities is still at an early stage, another development effectiveness exercise is warranted in perhaps another four years. Meanwhile, to document and analyze better the effectiveness of NGO interaction and impact in borrowing countries, opportunities should be identified in about 10-20 projects for careful monitoring and evaluation. SPRIE will take the lead in this effort.

# Manual Transmittal Memorandum

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August 28, 1989

## Operational Directive 14.70: Involving Nongovernmental Organizations in Bank-Supported Activities

1. Attached for insertion in your new Operational Manual is OD 14.70. It is a revision of OMS 5.30, *Collaboration with Nongovernmental Organizations*, which may now be discarded from the old manual. The directive does not incorporate any changes in policy, but it sets out more clearly the need to proceed in conformity with the relevant government's policies towards nongovernmental organizations.
2. Questions on this directive should be referred to the Chief, International Economic Relations Division, Strategic Planning and Review Department.
3. Additional copies are available on a self-service basis in H 4234.

Attachment

# Operational Directive

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## Operational Directive 14:70: Involving Nongovernmental Organizations in Bank-Supported Activities

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# Operational Directive

## Involving Nongovernmental Organizations in Bank-Supported Activities

### Introduction

1. This directive sets out a framework for involving nongovernmental organizations (NGOs) in Bank<sup>1</sup>-supported activities. It provides staff with guidance on working with NGOs, bearing in mind their potential contribution to sustainable development and poverty reduction, as well as the need to consult with relevant member governments and to proceed in conformity with their policies towards NGOs.

### Definition and Classification of NGOs

2. The diversity of NGOs strains any simple definition or classification. NGOs include a wide variety of groups and institutions that are entirely or largely independent of government, and characterized primarily by humanitarian or cooperative, rather than commercial, objectives. The terminology varies: for example, in the United States they may be called "private voluntary organizations," and most African NGOs prefer to be called "voluntary development organizations." Although organizations such as universities or research institutes may be nongovernmental, this directive refers principally to private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.

3. In pursuit of the Bank's development, environment, and poverty alleviation objectives, staff increasingly come into contact with a wide range of NGOs. Production-related NGOs include water users' societies, pastoral associations, consumer and credit cooperatives, farm equipment lease associations, and tree-grower associations. Charitable and religious associations may be involved in shelter for the homeless, food distribution, family planning, and mobilization of funds

for development. NGOs heighten awareness and influence policy concerning environmental degradation (OMS 2.36, *Environmental Aspects of Bank Work*, to be reissued as OD 4.00, *Environmental Policies*), involuntary resettlement (OMS 2.33, *Social Issues Associated with Involuntary Resettlement in Bank-Financed Projects*, and OPN 10.08, *Operations Issues in the Treatment of Involuntary Resettlement in Bank-Financed Projects*, which will be combined and reissued as OD 4.30, *Involuntary Resettlement*) and tribal people (OMS 2.34, *Tribal People in Bank-Financed Projects*, to be reissued as OD 4.40, *Tribal People*). NGOs usually play a critical role after a major disaster, such as an earthquake, because of their local knowledge, flexibility of operations, action-oriented staff, and effectiveness in enlisting local volunteers and mobilizing funds for disaster relief and reconstruction (OPN 10.07, *Guidelines for Bank Participation in Reconstruction Projects after Disasters*, to be reissued as OD 8.50, *Emergency Recovery Assistance*). While most NGOs with which the Bank works are implementation organizations, some NGOs focus primarily on the advocacy of specific changes in policies or approaches to development.

4. Local NGOs are often served at the provincial or national levels by apex federations and other support organizations which can improve local NGO effectiveness (for example through information sharing and coordination) and act as intermediaries between small NGOs and large funding institutions (e.g., by appraising the institutional capabilities of local NGOs or, in some cases, serving as funding channels). National NGOs, in turn, often join international and regional associations (of voluntary development agencies, cooperatives, trade unions, environmental organizations, religious groups, etc.).

5. Bank-supported activities most often involve the following types of NGOs:

<sup>1</sup> "Bank" includes IDA, and "loans" include credits.

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- (a) NGOs (based in both developing and developed countries) that have demonstrated professional expertise and managerial capabilities in a particular area related to Bank lending, such as environment, rural development, food security, women in development, small-scale enterprises, appropriate technology, low-cost housing, education, vocational or management training, family planning, health, nutrition, or community organization;
- (b) NGOs (based in developed countries) that have demonstrated specialized experience in developing countries in managing foreign assistance—from both private and public sources—intended to promote development at the local community level.

## Strengths and Weaknesses of NGOs

6. The main strengths many NGOs can bring to Bank-supported operations are their ability to

- (a) *reach poor communities and remote areas* with few basic resources or little infrastructure, and where government services are limited or ineffective;
- (b) *promote local participation* in designing and implementing public programs by building self-confidence and strengthening organizational capability among low-income people;<sup>2</sup>
- (c) *operate at low cost* by using appropriate technologies, streamlined services, and minimal overheads; and
- (d) *identify local needs, build upon existing resources, and transfer technologies developed elsewhere.* Some approaches and ideas now prevalent

among official development agencies began as NGO innovations.

7. On the other hand, some NGOs' ability to contribute to Bank-financed operations are constrained by a number of factors:

- (a) *Limited replicability* of many NGO-sponsored activities that are too small and localized to have important regional or national impact. In attempting to scale up their operations with public sector support, some NGOs may lose their innovative quality, and become top-down, nonparticipatory, and dependent on external and governmental support;
- (b) *Limited self-sustainability.* Like many government programs, many NGO-sponsored projects are not designed with sufficient concern for how activities will be sustained;
- (c) *Limited managerial and technical capacity.* Even some professionally staffed NGOs are poorly managed, have only rudimentary accounting systems, and sometimes initiate infrastructure projects with inadequate technical analysis;
- (d) *Lack of broad programming context.* Although experience varies by region and sector, NGO development projects often are implemented individually, outside the framework of a broader programming strategy for a region or sector, and with little regard even to other NGOs' activities. Coordination has been recognized as a constraint affecting the NGO community itself as much as the public sector or the donor community (OD 14.30, *Aid Coordination Groups*); and

2. OED reviews have shown that strong beneficiary organizations improve the prospect of project success by increasing sensitivity to poor people, adapting to the local culture and environment, responding flexibly to changing conditions, and building local commitment to operation and maintenance.

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- (e) *Politicization.* Some NGOs combine development concerns with political or religious objectives that limit the extent to which the Bank can work with them while safeguarding its primary relationship with its member governments.

## Ways of Involving NGOs in Bank-Supported Activities

8. Although the Bank does not lend directly to them, NGOs can play a role in selected Bank-supported activities in various ways, in conformity with the relevant government's policies towards NGOs:

- (a) *Analysis of development issues.* Bank staff and governments can learn from NGO assessments of official development programs, especially regarding the concerns of low-income groups. There may be a role for NGOs in adjustment programs, especially concerning the social dimensions of adjustment; where the government and the Bank agree that such a role is appropriate, NGOs should be consulted at an early stage. Country economic and sector work on poverty-related issues could also benefit from NGOs' views, particularly those of local NGOs;
- (b) *Project identification.* NGOs can be sources of information on intended beneficiaries and technological and institutional innovation (OMS 2.12, *Project Generation and Design*, to be reissued as OD 10.00, *Project Generation and Preparation*). Small NGO programs sometimes become the model for a larger Bank-financed project. NGO staff may also provide consulting expertise for Bank missions;
- (c) *Project design.* NGOs may serve as consultants or sources of information for the Bank, government, or local communities during project preparation. In such cases, involvement at an early stage could be helpful;
- (d) *Project financing.* Some international NGOs may cofinance a project or, more likely, finance activities complementary to a Bank-financed project (OMS 1.24, *Co-Financing*, to be reissued as OD 14.20);
- (e) *Project implementation.* An NGO may be (i) a contractor or manager engaged by the government and financed from the loan proceeds or through trust funds (OMS 4.40, *Trust Funds*, to be reissued as OD 14.40), (ii) a financial intermediary or a supplier of technical knowledge to local beneficiaries, (iii) an adviser either assisting local beneficiaries to apply for project resources (e.g., credit) or organizing local communities to make use of project facilities, (iv) an independent partner implementing activities complementary to a Bank-financed project, (v) the recipient of a government grant or loan funds,<sup>3</sup> or (vi) the beneficiary of an NGO funding mechanism established by the project; and
- (f) *Monitoring and evaluation.* NGOs may assist the government, a project entity, or the Bank in monitoring project progress or evaluating results.

9. Because NGOs find it difficult to fund their involvement during the relatively long planning process required for Bank operations, the Bank sometimes makes small grants to NGOs from its administrative budget, for example for

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3. On-lending is more likely for industrial development and finance projects, shelter schemes, and agricultural credit programs; grants are more typical in the education, population, health, and nutrition sectors. Serviced land has also been provided under urban projects for an NGO's community or religious activities, or in population and human resource development projects for the provision of NGO services.



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studies or meetings related to Bank operations. The Special Project Preparation Facility<sup>4</sup> can be used to launch innovative NGO-related activities in Africa. The Bank provides grant funding to strengthen African NGOs dealing with population issues. Grant funding to facilitate NGO involvement in a Bank-financed project can also be sought from an international NGO or from another official development agency (chiefly bilateral agencies and the European Economic Community). A few bilaterals (notably the Canadian International Development Agency) and multilaterals (mainly the United Nations Children's Fund [UNICEF] and the United Nations Development Programme [UNDP]) provide grants directly to developing country NGOs and NGO associations.

## Guidelines for Involving NGOs in Bank-Supported Activities

10. Staff are encouraged whenever appropriate to involve NGOs, particularly local NGOs, in Bank-supported activities along the lines set out in para. 8, bearing in mind the strengths and weaknesses of NGOs (paras. 6-7). However, because of the Bank's relationship to its member governments, staff must operate in the framework of the relevant government's policies regarding NGOs. Given the potential benefit from selective NGO involvement in development activities, staff should encourage constructive working relationships among governments, donors, and NGOs. The Bank may provide advice to interested governments on approaches and policies for encouraging the development of indigenous NGOs as effective development agents. Successful replication of NGO-supported local initiatives may be possible only in a political environment that allows NGOs to flourish and multiply.

11. Staff should be responsive, and encourage governments to be responsive, to NGOs that

request information or raise questions about Bank-supported activities, subject to the restrictions set out in Administrative Manual Statement 1.10, *Directive on Disclosure of Information*, including preserving the confidentiality of privileged information and the dialogue between the Bank and the government. If NGOs give the Bank information, the extent of confidentiality should be agreed in advance.

12. A Bank-supported project may well finance NGO-managed programs; however, too much official funding can destroy an NGO's grass roots character, and the administrative costs of funding small NGO projects are sometimes disproportionate to activity costs. Staff should be sensitive to the NGOs' need to ensure that their special status is not compromised as a result of official funding. Staff could also seek to reduce administrative costs for governments and the Bank by working, whenever possible, with NGO organizations and groupings, especially of local NGOs.

13. Any major collaboration with individual NGOs may need to be accompanied by management assistance, for example to improve monitoring and accounting.

## Procurement and Disbursement

14. NGO participation in project execution as contractors or suppliers should meet the criteria set out in the Bank's *Guidelines for Procurement under IBRD Loans and IDA Credits* and in OD 11.00, *Procurement*. However as NGO contracts are usually small and involve community participation, international competitive bidding and limited international bidding are normally not feasible, and even open competitive procurement is not always feasible. Shopping or direct contracting is often the most appropriate method of procurement. Direct contracting may be justified where an NGO is the only entity capable of carrying out an activity

<sup>4</sup> Guidelines on the use of the Special Project Preparation Facility are in (a) the Board paper, *Special Budget Supplement for the Sub-Saharan Africa Action Program*, R84-313, November 20, 1984; (b) the SVPOP memorandum, *Special Project Preparation Facility for Sub-Saharan Africa—Procedures for Implementation*, January 8, 1985; (c) the Board paper, *Special Project Preparation Facility (SPPF)—Proposal to Extend the Facility*, R87-161, June 24, 1987; and (d) the SVPOP memorandum, *Special Project Preparation Facility (SPPF): Approval by the Board*, July 10, 1987.

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(e.g., maintenance of feeder roads in remote areas, or the transfer of a particular technology). Contracts with NGOs may need to reflect the fact that NGOs differ from commercial contractors: the contract might therefore stipulate, for example, that NGOs should involve the community in planning and implementation. Similarly, special measures may be required to ensure that NGOs have sufficient liquidity to carry out the contract.

15. When NGOs act as consultants financed through a Bank loan or Bank-executed UNDP project, they should be engaged following the *Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency*, OMS 2.18, *The Development of Local Capabilities and the Use of Local Consultants*, and OMS 2.50, *Services of Consulting Firms for Bank Group Projects and UNDP Studies*.<sup>5</sup> Several Part I countries' consultant trust funds include provisions that would allow their use to hire developing country NGO consultants.

16. When an NGO acts on behalf of a borrower or implementing agency, the standard accounting and audit requirements apply. Statements of Expenditure (SOEs) prepared and certified by the NGO normally constitute acceptable documentation for disbursement purposes, subject to the Bank's specific agreement. An independent audit should be carried out (see Circular Op 6/80, *Statements of Expenditure: Interim Guidelines*, filed with OMS 3.30, to be reissued as OD 12.30, *Statements of Expenditure*).

## References in Bank Documents

17. When NGOs are likely to be involved, the Executive Project Summary should indicate their role, and the Project Brief and Staff Appraisal Report should, if appropriate, discuss relevant NGOs and their relation to the project, and

describe agreements reached with the government and NGOs regarding NGO involvement in projects that directly affect large groups of low-income people. These would often include (a) agriculture, population, health, and nutrition projects; (b) low-income housing and urban upgrading projects; (c) education and training projects; (d) some structural and sectoral adjustment operations; and (e) projects that involve resettlement or retrenchment. Economic and sector reports could include an analysis of NGO activities, particularly when they focus on poverty reduction.

## Responsibilities

18. Country departments (especially country officers and resident representatives) should make a concerted effort to collect information about NGOs in their respective countries, including government attitudes toward NGO activities, and incorporate relevant information about and from NGOs into their work. While relying on various inventories and non-Bank sources of information about NGOs, the sector operations divisions are also encouraged to develop knowledge of important NGOs by sector and make their own capability assessments. Where appropriate, staff may organize periodic meetings with NGOs. Staff should, however, keep the borrower government appropriately informed of their contacts with NGOs, and proceed in conformity with that government's policies towards NGOs.

19. Sectoral departments in Policy, Planning and Research (PPR) are responsible for maintaining relationships with NGOs that are active on operational aspects of policy in their areas. The External Affairs Department is responsible for cooperation with NGOs in development education and for public information work with NGOs with a serious interest in international development issues.

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<sup>5</sup> These OMSs are to be combined and reissued as OD 11.10, *Use of Consultants*.

# Operational Directive

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20. The International Economic Relations Division of the Strategic Planning and Review Department (SPRIE) is responsible for developing and coordinating the Bank's overall relationships with NGOs subject to guidance provided by senior management and the Board, and keeping the relevant country director informed. SPRIE

acts as the Bank's secretariat for the Bank-NGO Committee, which is a formal forum and focal point for the Bank's discussions with NGOs. SPRIE also fosters new initiatives, backstops other departments in their work with NGOs, and provides information to operational staff on individual NGOs.

Table 1: TOTAL PROJECTS INVOLVING NGOS  
BY SECTOR AND REGION (FY73-88)

	Asia	Africa	EMENA	LAC	Total	Total Percentage
Agriculture	25	51	6	8	90	45
Education/Training	2	13	1	4	20	10
Population/Health	8	11	2	5	26	13
Industry/Energy	4	10	4	3	21	10
Infra./Urban Devt.	6	28	2	6	42	21
Relief/Compensation	--	2	--	1	3	1
<b>TOTAL</b>	<u>45</u>	<u>115</u>	<u>15</u>	<u>27</u>	<u>202</u>	
<b>PERCENTAGE</b>	<u>22</u>	<u>57</u>	<u>7</u>	<u>13</u>		<u>100</u>

Source: CECPS/SPRIE

SPRIE/December 12, 1989

Table 2: BREAKDOWN OF PROJECTS WITH NGO  
INVOLVEMENT BY COUNTRY (FY73-88)

AFRICA		ASIA		EMENA	
Benin	2	Bangladesh	3	Egypt	5
Burkina Faso	3	India	20	Jordan	1
Burundi	4	Indonesia	13	Morocco	1
Botswana	6	Korea	1	Pakistan	1
Cameroon	9	Malaysia	1	Tunisia	1
CAR	2	Nepal	1	Turkey	3
Chad	2	Philippines	3	YAR	3
Cote d'Ivoire	1	Sri Lanka	1		
Eq. Guinea	1	Thailand	2	<u>TOTAL</u>	<u>15</u>
Gambia	1				
Ghana	2	<u>TOTAL</u>	<u>45</u>		
Guinea	3				
Kenya	10	<u>LAC</u>			
Lesotho	5				
Liberia	6	Bahamas	1		
Madagascar	1	Bolivia	3		
Malawi	3	Brazil	6		
Mali	3	Colombia	3		
Niger	7	Dominican Republic	2		
Nigeria	5	El Salvador	2		
Rwanda	4	Guatemala	1		
Sao Tome & Prin.	1	Haiti	4		
Senegal	6	Jamaica	2		
Sierra Leone	4	Mexico	2		
Swaziland	3	Paraguay	1		
Tanzania	2	<u>TOTAL</u>	<u>27</u>		
Togo	2				
Uganda	2				
Zaire	11				
Zambia	2				
Zimbabwe	2				
<u>TOTAL</u>	<u>115</u>				

Source: CECPS/SPRIE

Table 3: FUNCTIONAL CLASSIFICATION OF NGOS AND INVOLVEMENT  
IN BANK-SUPPORTED PROJECTS BY REGION (FY73-88)

Region	Community Association	Policy Advocacy	Service PRVDR/ Intermediary	Consultant	Cooperative
AFRICA	7	1	52	49	25
ASIA	15	4	17	12	9
LAC	6	5	17	3	3
EMENA	3	--	5	7	4
TOTAL/ <u>a</u>	<u>31</u>	<u>10</u>	<u>91</u>	<u>71</u>	<u>41</u>
PERCENTAGE (%) <u>b</u>	15(13)	5(4)	45(37)	35(29)	20(17)

/a Since projects may involve more than one type of NGO, some may be double-counted across columns.

/b As a percentage of total projects in universe (202). In (), percentage of table total (244).

Source: CECPS

Table 4: FUNCTIONAL CLASSIFICATION OF NGOS AND INVOLVEMENT  
IN BANK-SUPPORTED PROJECTS BY SECTOR (FY73-88)

Sector	Community Association	Policy Advocacy	Service PRVDR/ Intermediary	Consultant	Cooperative
AGRICULTURE	17	4	34	20	36
EDUCATION/TRNG.	2	--	8	10	--
POPULATION/HEALTH	8	--	21	4	2
INDUSTRY/ENERGY	--	3	5	14	1
INFRA./URBAN DEVT.	3	2	20	23	2
RELIEF/COMP.	1	1	3	--	--
TOTAL/ <u>a</u>	<u>31</u>	<u>10</u>	<u>91</u>	<u>71</u>	<u>41</u>
PERCENTAGE (Z)/ <u>b</u>	15(13)	5(4)	45(37)	35(29)	20(17)

/a Since projects may involve more than one type of NGO, some may be double-counted across columns.

/b As a percentage of total projects in universe (202). In (), percentage of table total (244).

Source: CECPS

Table 5: NGO INVOLVEMENT IN BANK-FINANCED PROJECTS IN FY89

<u>Regions:</u>	<u>No. of Projects</u>	<u>Percent</u>
Africa	29	59
Asia	9	18
Latin America, Caribbean	8	16
Europe, Middle East, North Africa	3	7
	--	---
<u>Total</u>	<u>49</u>	<u>100</u>
 <u>Sectors:</u>		
Agriculture/Rural Development	16	33
Environment	2	4
Education/Training	4	8
Population/Health	11	22
Industry/Energy	4	8
Infrastructure/Urban Development	7	14
Relief	2	4
Adjustment-related programs	3	7
	--	--
<u>Total</u>	<u>49</u>	<u>100</u>
 <u>Types of NGOs:</u>		
Grassroots/ <u>a</u>	28	38
National/ <u>a</u>	27	36
International	19	26
<u>Total/b</u>	<u>74</u>	<u>100</u>
 <u>Functions:</u>		
Advice	4	7
Design	12	22
Implementation	34	63
Evaluation	2	4
Cofinancing	<u>2</u>	<u>4</u>
<u>Total/b</u>	<u>54</u>	<u>100</u>

/a Grassroots groups are organizations of poor people. National groups are other indigenous NGOs.

/b Exceeds number of cases, because NGO involvement in one case sometimes falls into more than one category.



Rajagopalan, Visvanathan  
PRSVP  
S 5055

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# Manual Transmittal Memorandum

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RECEIVED

89 SEP -7 PM 2:03

SECTION POLICY & RESEARCH  
August 28, 1989

## Operational Directive 14.70: Involving Nongovernmental Organizations in Bank-Supported Activities

1. Attached for insertion in your new Operational Manual is OD 14.70. It is a revision of OMS 5.30, *Collaboration with Nongovernmental Organizations*, which may now be discarded from the old manual. The directive does not incorporate any changes in policy, but it sets out more clearly the need to proceed in conformity with the relevant government's policies towards nongovernmental organizations.
2. Questions on this directive should be referred to the Chief, International Economic Relations Division, Strategic Planning and Review Department.
3. Additional copies are available on a self-service basis in H 4234.

Attachment

XXX -1

Rajagopalan, Visvanathan  
S 5055

# Operational Directive

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## Operational Directive 14:70: Involving Nongovernmental Organizations in Bank-Supported Activities

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# Operational Directive

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## Involving Nongovernmental Organizations in Bank-Supported Activities

### Introduction

1. This directive sets out a framework for involving nongovernmental organizations (NGOs) in Bank<sup>1</sup>-supported activities. It provides staff with guidance on working with NGOs, bearing in mind their potential contribution to sustainable development and poverty reduction, as well as the need to consult with relevant member governments and to proceed in conformity with their policies towards NGOs.

### Definition and Classification of NGOs

2. The diversity of NGOs strains any simple definition or classification. NGOs include a wide variety of groups and institutions that are entirely or largely independent of government, and characterized primarily by humanitarian or cooperative, rather than commercial, objectives. The terminology varies: for example, in the United States they may be called "private voluntary organizations," and most African NGOs prefer to be called "voluntary development organizations." Although organizations such as universities or research institutes may be nongovernmental, this directive refers principally to private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.

3. In pursuit of the Bank's development, environment, and poverty alleviation objectives, staff increasingly come into contact with a wide range of NGOs. Production-related NGOs include water users' societies, pastoral associations, consumer and credit cooperatives, farm equipment lease associations, and tree-grower associations. Charitable and religious associations may be involved in shelter for the homeless, food distribution, family planning, and mobilization of funds

for development. NGOs heighten awareness and influence policy concerning environmental degradation (OMS 2.36, *Environmental Aspects of Bank Work*, to be reissued as OD 4.00, *Environmental Policies*), involuntary resettlement (OMS 2.33, *Social Issues Associated with Involuntary Resettlement in Bank-Financed Projects*, and OPN 10.08, *Operations Issues in the Treatment of Involuntary Resettlement in Bank-Financed Projects*, which will be combined and reissued as OD 4.30, *Involuntary Resettlement*) and tribal people (OMS 2.34, *Tribal People in Bank-Financed Projects*, to be reissued as OD 4.40, *Tribal People*). NGOs usually play a critical role after a major disaster, such as an earthquake, because of their local knowledge, flexibility of operations, action-oriented staff, and effectiveness in enlisting local volunteers and mobilizing funds for disaster relief and reconstruction (OPN 10.07, *Guidelines for Bank Participation in Reconstruction Projects after Disasters*, to be reissued as OD 8.50, *Emergency Recovery Assistance*). While most NGOs with which the Bank works are implementation organizations, some NGOs focus primarily on the advocacy of specific changes in policies or approaches to development.

4. Local NGOs are often served at the provincial or national levels by apex federations and other support organizations which can improve local NGO effectiveness (for example through information sharing and coordination) and act as intermediaries between small NGOs and large funding institutions (e.g., by appraising the institutional capabilities of local NGOs or, in some cases, serving as funding channels). National NGOs, in turn, often join international and regional associations (of voluntary development agencies, cooperatives, trade unions, environmental organizations, religious groups, etc.).

5. Bank-supported activities most often involve the following types of NGOs:

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1. "Bank" includes IDA, and "loans" include credits.

# Operational Directive

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- (a) NGOs (based in both developing and developed countries) that have demonstrated professional expertise and managerial capabilities in a particular area related to Bank lending, such as environment, rural development, food security, women in development, small-scale enterprises, appropriate technology, low-cost housing, education, vocational or management training, family planning, health, nutrition, or community organization;
- (b) NGOs (based in developed countries) that have demonstrated specialized experience in developing countries in managing foreign assistance—from both private and public sources—intended to promote development at the local community level.

## Strengths and Weaknesses of NGOs

6. The main strengths many NGOs can bring to Bank-supported operations are their ability to

- (a) *reach poor communities and remote areas* with few basic resources or little infrastructure, and where government services are limited or ineffective;
- (b) *promote local participation* in designing and implementing public programs by building self-confidence and strengthening organizational capability among low-income people;<sup>2</sup>
- (c) *operate at low cost* by using appropriate technologies, streamlined services, and minimal overheads; and
- (d) *identify local needs, build upon existing resources, and transfer technologies developed elsewhere.* Some approaches and ideas now prevalent

among official development agencies began as NGO innovations.

7. On the other hand, some NGOs' ability to contribute to Bank-financed operations are constrained by a number of factors:

- (a) *Limited replicability* of many NGO-sponsored activities that are too small and localized to have important regional or national impact. In attempting to scale up their operations with public sector support, some NGOs may lose their innovative quality, and become top-down, nonparticipatory, and dependent on external and governmental support;
- (b) *Limited self-sustainability.* Like many government programs, many NGO-sponsored projects are not designed with sufficient concern for how activities will be sustained;
- (c) *Limited managerial and technical capacity.* Even some professionally staffed NGOs are poorly managed, have only rudimentary accounting systems, and sometimes initiate infrastructure projects with inadequate technical analysis;
- (d) *Lack of broad programming context.* Although experience varies by region and sector, NGO development projects often are implemented individually, outside the framework of a broader programming strategy for a region or sector, and with little regard even to other NGOs' activities. Coordination has been recognized as a constraint affecting the NGO community itself as much as the public sector or the donor community (OD 14.30, *Aid Coordination Groups*); and

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2. OED reviews have shown that strong beneficiary organizations improve the prospect of project success by increasing sensitivity to poor people, adapting to the local culture and environment, responding flexibly to changing conditions, and building local commitment to operation and maintenance.

# Operational Directive

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- (e) *Politicization.* Some NGOs combine development concerns with political or religious objectives that limit the extent to which the Bank can work with them while safeguarding its primary relationship with its member governments.

## Ways of Involving NGOs in Bank-Supported Activities

8. Although the Bank does not lend directly to them, NGOs can play a role in selected Bank-supported activities in various ways, in conformity with the relevant government's policies towards NGOs:

- (a) *Analysis of development issues.* Bank staff and governments can learn from NGO assessments of official development programs, especially regarding the concerns of low-income groups. There may be a role for NGOs in adjustment programs, especially concerning the social dimensions of adjustment; where the government and the Bank agree that such a role is appropriate, NGOs should be consulted at an early stage. Country economic and sector work on poverty-related issues could also benefit from NGOs' views, particularly those of local NGOs;
- (b) *Project identification.* NGOs can be sources of information on intended beneficiaries and technological and institutional innovation (OMS 2.12, *Project Generation and Design*, to be reissued as OD 10.00, *Project Generation and Preparation*). Small NGO programs sometimes become the model for a larger Bank-financed project. NGO staff may also provide consulting expertise for Bank missions;
- (c) *Project design.* NGOs may serve as consultants or sources of information for the Bank, government, or local communities during project preparation. In such cases, involvement at an early stage could be helpful;
- (d) *Project financing.* Some international NGOs may cofinance a project or, more likely, finance activities complementary to a Bank-financed project (OMS 1.24, *Co-Financing*, to be reissued as OD 14.20);
- (e) *Project implementation.* An NGO may be (i) a contractor or manager engaged by the government and financed from the loan proceeds or through trust funds (OMS 4.40, *Trust Funds*, to be reissued as OD 14.40), (ii) a financial intermediary or a supplier of technical knowledge to local beneficiaries, (iii) an adviser either assisting local beneficiaries to apply for project resources (e.g., credit) or organizing local communities to make use of project facilities, (iv) an independent partner implementing activities complementary to a Bank-financed project, (v) the recipient of a government grant or loan funds,<sup>3</sup> or (vi) the beneficiary of an NGO funding mechanism established by the project; and
- (f) *Monitoring and evaluation.* NGOs may assist the government, a project entity, or the Bank in monitoring project progress or evaluating results.

9. Because NGOs find it difficult to fund their involvement during the relatively long planning process required for Bank operations, the Bank sometimes makes small grants to NGOs from its administrative budget, for example for

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3. On-lending is more likely for industrial development and finance projects, shelter schemes, and agricultural credit programs; grants are more typical in the education, population, health, and nutrition sectors. Serviced land has also been provided under urban projects for an NGO's community or religious activities, or in population and human resource development projects for the provision of NGO services.

# Operational Directive

studies or meetings related to Bank operations. The Special Project Preparation Facility<sup>4</sup> can be used to launch innovative NGO-related activities in Africa. The Bank provides grant funding to strengthen African NGOs dealing with population issues. Grant funding to facilitate NGO involvement in a Bank-financed project can also be sought from an international NGO or from another official development agency (chiefly bilateral agencies and the European Economic Community). A few bilaterals (notably the Canadian International Development Agency) and multilaterals (mainly the United Nations Children's Fund [UNICEF] and the United Nations Development Programme [UNDP]) provide grants directly to developing country NGOs and NGO associations.

## Guidelines for Involving NGOs in Bank-Supported Activities

10. Staff are encouraged whenever appropriate to involve NGOs, particularly local NGOs, in Bank-supported activities along the lines set out in para. 8, bearing in mind the strengths and weaknesses of NGOs (paras. 6-7). However, because of the Bank's relationship to its member governments, staff must operate in the framework of the relevant government's policies regarding NGOs. Given the potential benefit from selective NGO involvement in development activities, staff should encourage constructive working relationships among governments, donors, and NGOs. The Bank may provide advice to interested governments on approaches and policies for encouraging the development of indigenous NGOs as effective development agents. Successful replication of NGO-supported local initiatives may be possible only in a political environment that allows NGOs to flourish and multiply.

11. Staff should be responsive, and encourage governments to be responsive, to NGOs that

request information or raise questions about Bank-supported activities, subject to the restrictions set out in Administrative Manual Statement 1.10, *Directive on Disclosure of Information*, including preserving the confidentiality of privileged information and the dialogue between the Bank and the government. If NGOs give the Bank information, the extent of confidentiality should be agreed in advance.

12. A Bank-supported project may well finance NGO-managed programs; however, too much official funding can destroy an NGO's grass roots character, and the administrative costs of funding small NGO projects are sometimes disproportionate to activity costs. Staff should be sensitive to the NGOs' need to ensure that their special status is not compromised as a result of official funding. Staff could also seek to reduce administrative costs for governments and the Bank by working, whenever possible, with NGO organizations and groupings, especially of local NGOs.

13. Any major collaboration with individual NGOs may need to be accompanied by management assistance, for example to improve monitoring and accounting.

## Procurement and Disbursement

14. NGO participation in project execution as contractors or suppliers should meet the criteria set out in the Bank's *Guidelines for Procurement under IBRD Loans and IDA Credits* and in OD 11.00, *Procurement*. However as NGO contracts are usually small and involve community participation, international competitive bidding and limited international bidding are normally not feasible, and even open competitive procurement is not always feasible. Shopping or direct contracting is often the most appropriate method of procurement. Direct contracting may be justified where an NGO is the only entity capable of carrying out an activity

4. Guidelines on the use of the Special Project Preparation Facility are in (a) the Board paper, *Special Budget Supplement for the Sub-Saharan Africa Action Program*, R84-313, November 20, 1984; (b) the SVPOP memorandum, *Special Project Preparation Facility for Sub-Saharan Africa—Procedures for Implementation*, January 8, 1985; (c) the Board paper, *Special Project Preparation Facility (SPPF)—Proposal to Extend the Facility*, R87-161, June 24, 1987; and (d) the SVPOP memorandum, *Special Project Preparation Facility (SPPF): Approval by the Board*, July 16, 1987.

# Operational Directive

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(e.g., maintenance of feeder roads in remote areas, or the transfer of a particular technology). Contracts with NGOs may need to reflect the fact that NGOs differ from commercial contractors: the contract might therefore stipulate, for example, that NGOs should involve the community in planning and implementation. Similarly, special measures may be required to ensure that NGOs have sufficient liquidity to carry out the contract.

15. When NGOs act as consultants financed through a Bank loan or Bank-executed UNDP project, they should be engaged following the *Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency*, OMS 2.18, *The Development of Local Capabilities and the Use of Local Consultants*, and OMS 2.50, *Services of Consulting Firms for Bank Group Projects and UNDP Studies*.<sup>5</sup> Several Part I countries' consultant trust funds include provisions that would allow their use to hire developing country NGO consultants.

16. When an NGO acts on behalf of a borrower or implementing agency, the standard accounting and audit requirements apply. Statements of Expenditure (SOEs) prepared and certified by the NGO normally constitute acceptable documentation for disbursement purposes, subject to the Bank's specific agreement. An independent audit should be carried out (see Circular Op 6/80, *Statements of Expenditure: Interim Guidelines*, filed with OMS 3.30, to be reissued as OD 12.30, *Statements of Expenditure*).

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describe agreements reached with the government and NGOs regarding NGO involvement in projects that directly affect large groups of low-income people. These would often include (a) agriculture, population, health, and nutrition projects; (b) low-income housing and urban upgrading projects; (c) education and training projects; (d) some structural and sectoral adjustment operations; and (e) projects that involve resettlement or retrenchment. Economic and sector reports could include an analysis of NGO activities, particularly when they focus on poverty reduction.

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## OFFICE MEMORANDUM

DATE: September 19, 1989

TO: Mr. A. Shakow, SPRDR

FROM: K.W. Piddington, Director, ENV

EXTENSION: 33202

SUBJECT: NGO Conference in New York

RECEIVED

115-9/22  
89 SEP 21 AM 11:42

SECTION: POLICY &amp; RESEARCH

I want to record my thanks for Aubrey Williams' contribution to my statement in New York. It was exactly what was needed and you will see that it fitted comfortably in the middle of the text I had prepared on environmental aspects. A copy of the full statement is attached for you both.

You will have seen press references to what went on. The hall was packed with over a thousand NGO representatives. What amazed me was the paucity of representation from the Third World -- perhaps around fifty all told -- it is clear that financial restraints limit the ability of the UN to get a good cross-section.

I would describe the overall attitude to the Bank as sceptical, with some strains of hostility. Before I even started to speak, an NGO next to Jane Pratt leant over and hissed "Don't you hate the Bank?" We had had a frontal attack from the podium in the morning from Schneider, Secretary-General of the Club of Rome, who asserted that a million people would be displaced by Narmada and that the Bank would not bother about their resettlement. That was easily dealt with, but I anticipated a second assault from Indian NGO's in the audience who might have asked whether I was happy about the nature of NGO involvement in Narmada. Had it happened, I would have said that this is precisely the sort of situation the new procedures are designed to avoid.

Because of the press coverage of the previous few days, I decided to be quite open about the difficulty created for us as an institution, and for me personally, when the "local" NGO's decided to pillory the Bank. Change may always come too slowly, but progress is not assisted when we have to put up with underhand techniques. I also mentioned the misrepresentation in the media, particularly TV, of "Bank-funded destruction". I got reasonable mileage out of the comment that criticism tends to be recycled.

Although the questioning was intense, it was not hostile and some good points were brought up. So we ended in a mood of productive dialogue and I was very happy with the general feedback. I was even besieged by well-wishers when I went back to the Conference briefly the next day. One person from the

Boston Sierra Club was puzzled why I found the Washington people difficult to deal with, so I left a very direct message about the ethic which drives me and my intolerance of the moral pollution which I see affecting good NGO's who try to work the Washington scene.

The vote on the importance of climate change for the Bank served its purpose. About two or three of the Third Worlders voted affirmatively, which was the proportion I had banked on. But I expected a much higher proportion of the remainder to raise their hands. It was a little hard to count but the figure of thirty votes which I used with the press is reasonably accurate. So the encounter served my narrow purpose, as well as the general purpose you are pursuing.

I am distributing this note fairly widely as the episode may be of value to those who have to field questions during the Annual Meeting.

KPiddington/rcr

cc: Mr. Aubrey Williams (w/attachment)

Messrs. Hopper (PPRSV) (o/r), Rajagopalan (PREVP), Arrhenius (PREVP), Ms. Haug (EXC), Tanaka (EXC), Aguirre-Sacasa (EXT), Ofosu-Amaah (LEG), Vogl (EXT), Loos (WB/New York Office), Beckmann (SPR), Ms. Pratt (ENVOS), Ms. Davis (ASTEN), Baudon (EMTEN), Christoffersen (AFTEN), Goodland (LATEN), Blinkhorn (AS4CO) (w/o attachment)

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W. (202) 477-1234  
Washington, D.C. 20433 Cable Address: INTBAFRAD  
U.S.A. Cable Address: INDEVAS

RECEIVED  
89 SEP -7 AM 9:50

August 31, 1989

Mr. Chad Dobson  
The Bank Information Center  
731 Eighth Street, SE  
Washington, DC 20003

Dear Chad:

You wrote on July 24 on behalf of a group of North American NGOs concerning the preparation by the Bank of a directive on environmental assessment. We have since had detailed discussions on both the process and the timetable, and you will be aware of my wish to ensure that before any procedure is implemented we should arrange for detailed and substantive consultations along the lines you propose.

I have however also explained why it is not possible to delay adoption of the directive by the Bank until these consultations take place. If the timetable for implementation on January 1, 1990 is to be met, and it is already very tight, the directive itself needs to be finalized in the very near future. This in itself is not the last word, because all such documents are "living" in the sense that they need to be progressively revised and fine-tuned in the light of experience.

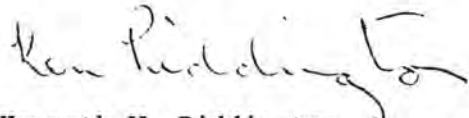
Moreover, I have stressed the fact that the directive is a framework only, it does lay down essential guidance but it also allows quite deliberately for considerable flexibility in its application. I hasten to add that this is because of the extraordinarily wide range of circumstances - political, environmental and technical - in which it will be used, and not because of any wish to see environmental factors treated lightly in our future activities. On the contrary, I am professionally secure in the knowledge that there will be a strong review mechanism to ensure that this does not happen.

What I have offered therefore is an approach whereby we would consult as you suggest, and for the reasons you have stated, so that NGOs in our borrowing countries can be directly involved in the formulation of guidance and training material for Bank staff. This would feed directly into both the practical implementation of the procedures in 1990 and into the review of experience with the directive, leading to any necessary revision probably in early 1991.

I have also said that I see the role of Northern NGO's as twofold. You will be able to build on the existing partnership with your counterparts in our borrowing countries and you will be in a position to monitor specific cases so that your own governments are better informed on the environmental assessment sequence, to which you bring your own insights.

I believe that this can be a constructive pattern of consultation. It could be initiated later next month during the workshop you have scheduled for NGOs who are here for the Annual Meeting. Over the next few months we shall look for every opportunity to repeat this process, wherever and whenever the opportunity arises. I am confident that in this way we can work together to better results for the environment.

Yours sincerely,



Kenneth W. Piddington  
Director  
Environment Department

KPiddington/rcr

cc: Messrs. Stern (FINSV), Hopper (PPRSV), Rajagopalan (PREVP), Aguirre-Sacasa (EXTDR), Lee (CODDR), Shakow (SPRDR), Warford (ENVDR), Baudon (EMTEN), Christoffersen (AFTEN), Ms. Davis (ASTEN), Goodland (LATEN), Baratz (ENVOS), Ettinger (CODOP), Lintner (EMTEN), Rees (ASTEN), Abdi (ENVDR)

# THE BANK INFORMATION CENTER

A CLEARINGHOUSE FOR ENVIRONMENTAL INFORMATION ON MDB FUNDED PROJECTS

731 EIGHTH STREET, S.E., WASHINGTON, DC 20003  
(202) 547-3800 TELEEX: 5106017738

24 July 1989

Mr. Kenneth Piddington  
Director, Environment Department  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433

Dear Ken,

We are encouraged by and support the department's development of an environmental assessment protocol. It should help place environmental concerns into a more central position when evaluating proposals. However, we think it would be important for there to be significant NGO participation in the development of this new policy.

We understand that a draft paper is currently in circulation at the Bank and feel that while these guidelines are still in preliminary form, that it would be appropriate to establish a formal consultation process with environmental NGO's (especially from the developing countries) before the final document is published. We think that this would have two positive effects:

- 1) It would allow for a discussion to take place that should lead to the most useful policy.
- 2) It would develop NGO support for the Bank in implementing this policy.

Since this protocol will determine the nature and mechanisms of public participation in World Bank planning and projects, the public must be consulted about its development.

We appreciate your attention to this issue and hope that you will have a chance to respond in the near future.

Sincerely,



Chad Dobson

on behalf of:  
(next page please)

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89 JUL 28 PM 3:52  
1818 H STREET, NW  
WASHINGTON, DC 20433

cc: Barber Conable

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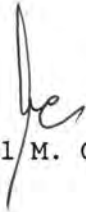
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OFFICE OF THE VICE PRESIDENT  
SECTOR POLICY & RESEARCH

August 4, 1989

Mr. V. Rajagopalan, PREVP

In the wake of your speech today (and of your good guidance over lunch regarding participation issues in my future work), I thought of sending you this PRE "product". It is the first Bank published paper on NGOs.

  
Michael M. Cernea

Attachment



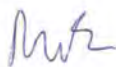
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December 7, 1988

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Mr. Rajagopalan

I believe we have sent you most of the most important papers we have done on the Bank and NGOs, but are delighted that you want to be kept more fully informed. Attached is a draft report on the growth of Bank-NGO cooperation over the last year. A revised version will be included with our upcoming report to the Board of Executive Directors on the Bank-NGO Committee and Bank-NGO cooperation.



Michael Carter  
International Economic Relations Division  
Strategic Planning and Review Department

Attachment

Jim.  
Pl keep this  
  
12/9.

## OFFICE MEMORANDUM

Mr. Rajagopalan  
S-5055

DATE: July 6, 1989

TO: Mr. Moeen A. Qureshi, Senior Vice President, OPS

FROM: Alexander Shakow, Director, SPR  
(Through W. David Hopper, PPRS)

EXTENSION: 34697

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SUBJECT: Regional Vice Presidents' Reports on Work  
With Nongovernmental Organizations (NGOs)

1. On January 13 you requested reports from the RVPs on current developments in cooperation with NGOs. The four RVPs' reports and your January 13 memo are attached. This is the third such effort since November 1987. This note summarizes the RVPs' reports and a recent stock-taking of Bank-NGO cooperation by the Bank members of the Bank-NGO Committee.

2. The vice-presidents' reports suggest that each of the four regional offices is making significant efforts to involve NGOs in the Bank's operations. Staff now list 220 upcoming operations in which they see potential for NGO involvement, and an increased number of NGO-related operations, some of them quite innovative, came to the Board this year. On the other hand, we have some distance to go to assure that staff -- and borrower governments, of course -- know how best to work with NGOs. It appears that many task managers still have little understanding of what NGOs can contribute, and staff members are, as you well know, hard-pressed by multiple demands on limited budgetary resources.

3. The inclusion of NGOs in Bank-supported operations remains concentrated in Africa and Asia. The circumstances for NGO involvement in government programs are less propitious in LAC and EMENA. But the LAC and EMENA regional offices have been making significant strides to expand their engagement with NGOs. LAC is now doing considerable work with NGOs, especially in sector analysis and project design where it makes the most difference. EMENA's report suggests that they are still mainly in the exploratory phase, but that they are moving forward, now also in Eastern Europe.

4. Your January 13 memo urged the Regions to concentrate on the quality of the Bank's work with NGOs and, more specifically, on NGO involvement at the planning stage of projects. The RVPs' reports cite numerous cases where NGOs are involved in planning:

- > In the Philippines, for example, NGOs are playing a role in the design of projects in health, education, water supply, and sanitation.
- > In Guatemala, NGOs have made a significant contribution to the development of the Social Investment Strategy and a proposed Social Investment Fund.
- > In Zaire, where NGOs are dominant providers of social services, a wide range of them have been consulted at all

stages in the preparation of a Social Sector Adjustment Project.

- > In Burkina Faso, NGOs are carrying out a series of pilot operations that will lead into a planned village land management program.
- > In Turkey, the Bank has turned to a local environmental NGO for consultancies and to organize a seminar on environmental problems.

5. The Bank is including analysis of NGOs in some economic and sector studies. For example, there was a recent yellow-cover report on NGOs and microenterprise development in Colombia. The Bank's report on poverty in Indonesia for next year's meeting of the IGGI will probably close with a chapter on NGOs. In several situations, the Bank is raising NGO-related policy issues in its dialogue with governments. Most notably, the Bank (including Mr. Karaosmanoglu personally) and some donors are urging the Government of Bangladesh to simplify currently onerous regulations on NGOs.

6. The Bank is listening and talking to NGOs at the regional and country level. The Bank-NGO Consultative Committee in India has been quite active, and most of the Bank's resident representatives in Africa seem to be maintaining contacts with NGOs. Last summer's Bank-NGO consultation in the Caribbean focused on general issues of development philosophy, but it has led to a number of specific operational activities. Bank-NGO roundtables are being planned for the Southern Cone of South America and for Central America to discuss broad issues (notably poverty and adjustment) and the practical mechanics of Bank-NGO cooperation.

7. The sectoral distribution of NGO involvement seems to be widening. Agriculture has in the past accounted for about half of all projects involving NGOs. But growing shares of the total are now social projects related to adjustment, environmental projects, and projects focused on microenterprises, health and education, or women-in-development.

8. Three issues need particular attention at this time. First, there is need to provide explicitly for the staff and money costs to the Bank and to NGOs of arranging for collaboration. One way would be a special program of grant funding to developing-country NGOs that want to work with us; the three regional banks and UNDP have now all established grant-funding mechanisms, but our proposal along these lines was set aside for funding reasons. We have also pursued the possibility of using consultant trust funds, and Ullrich Kiermayr indicates that several of the existing funds can finance the Bank's use of developing-country NGOs. But this is a very limited way of covering the costs of arranging Bank-NGO cooperation -- which, in turn, is part of the much broader problem of tension between the Bank's budget constraints and the various initiatives we are pursuing to improve the quality of the Bank's impact on development. Is it time for another review of options here?

9. Second, all the regional offices note government sensitivities about NGOs, especially advocacy NGOs. As you know, the G-9 Executive Directors have been anxious to assure that no doubt exists that the Bank's primary relationship is with member governments. The OMS on NGOs has been

revised to reflect this point more clearly without sacrificing our basic objectives; it will soon be released as an Operational Directive. We shall need, however, to keep this subject under close review to avoid generating unnecessary difficulties while pursuing our work with governments and NGOs.

10. Third, your January memo on NGOs asked the Regions to highlight a few projects in NGOs have helped involve beneficiaries in planning. The attached regional memos instead noted projects where NGOs have been involved in planning. These NGOs are nearly all dedicated to poverty reduction or environmental protection, and some of them work directly among the poor, so their involvement is likely to make project planning more sensitive to social and environmental issues and to the real needs of the poor. But few of the NGOs involved in planning are organizations of poor people or have managed to bring poor people themselves into project planning. Other Bank analysis confirms that effective beneficiary participation in Bank-financed projects has been relatively rare. Beneficiary participation is an issue on which we intend to focus some analytical work and Bank-NGO dialogue. It is scheduled for close attention at the November Bank-NGO Committee meeting, for example.

11. In short, I think much has been accomplished given the various constraints under which operational staff are working. There is still much to do to assure that the role of NGOs is most constructively introduced into the Bank-government relationship.

12. To minimize the reporting burden on the regional offices, I recommend that for the fall (say, by November 30) you ask them to do no more than simply update the list of projects with potential for NGO involvement. We would ask for more detailed reporting again next spring.

13. In addition, Mr. Conable has, at your suggestion, requested an assessment of the Bank's growing work with NGOs as part of this year's Annual Review of Development Effectiveness. We expect that this assessment will draw on the attached regional reports about their current efforts, but also on retrospective assessments which Arturo Israel's division and SPR have done of past projects in which NGOs were involved.

14. My colleagues and I look forward to discussing this subject with you at your convenience.

cc:( Mr. Conable  
( Messrs. Jaycox, Husain, Thalwitz, Karaosmanoglu, Rajagopalan,  
Without ( Fischer, Stanton  
attachments ( Messrs./Mss. Wyss, Serageldin, Golan, Wiehen, El Maaroufi, Hasan,  
( Steckhan, Segura, Duer, Vergin, Kiermayr, Raphaeli,  
( Aguirre-Sacasa, Piddington, A. Hamilton, Cernea, Israel

Attachments

DBeckmann/db

COOPERATION BETWEEN NGOs AND THE WORLD BANK

PROGRESS REPORT FOR 1988

Background

1. Cooperation between the World Bank and NGOs increased significantly in 1988. With encouragement from the Bank's senior management and following along lines suggested by the 1987 meeting of the Bank-NGO Committee in Santo Domingo, the Bank has reached out to involve NGOs in its work more than ever before. While in 1987 the main change in Bank-NGO relations was a somewhat greater NGO contribution to the formulation of Bank policy, especially regarding environmental and poverty issues, in 1988 the main change has been more NGO involvement in the Bank's operations.
2. Barber Conable, the Bank's President, said in his address to the September 1988 Bank/Fund Annual Meetings in Berlin: "Non-government organizations in many developing countries have enormous potential for flexible and effective action. I have encouraged Bank staff to initiate a broadened dialogue with NGOs. . . I hope, and fully expect, that this collaboration will continue and flourish". Moeen Qureshi, the Bank's Senior Vice President for Operations, spoke on "The World Bank and NGOs: New Approaches" before the Washington Chapter of the Society for International Development in April 1988. Mr. Qureshi said that cooperation between the Bank and NGOs can help achieve three difficult goals: (a) industrial-country policies that support economic progress in developing countries, (b) sensitive and successful adjustment programs in developing countries, and (c) empowerment of poor people to help make government programs more efficient and effective.
3. The Bank has been able to expand its involvement with NGOs fairly quickly, partly because developing-country governments are becoming more aware of what NGOs can contribute to national development. The shift in official attitudes over the last decade has been dramatic in much of Latin America. Official policies in some Asian countries, including India, the Philippines, and Indonesia, have also become more favorable toward NGOs. Shifting attitudes among African governments are suggested by plans by the Organization of African Unity and the Economic Commission for Africa, together with NGOs, for a major conference next year on popular mobilization for development.
4. Meanwhile, NGOs themselves are changing in ways that make it easier for the Bank to work with them. Relations between developing-country and industrial-country NGOs are shifting, with developing-country NGOs asserting more leadership and responsibility for NGO programs in their own countries. At the same time, as discussed at the 1987 London conference on NGO effectiveness, some NGOs are becoming dissatisfied with

small, isolated projects; they want to contribute to and influence large-scale programs and public policies.

5. This report is the sixth in a series prepared annually by the Bank's central NGO staff, now in the Strategic Planning and Review Department, International Economic Relations Division (SPRIE). This draft is written as background for the November 1988 meeting of the World Bank-NGO Committee. Comments are invited from all readers. The report will then be rewritten for submission to the Bank's Board of Executive Directors. Since the Bank's dealings with NGOs have proliferated, this report cannot be as comprehensive as in previous years. It covers highlights and issues related to Bank-NGO cooperation in three broad areas: operational collaboration, policy dialogue, and development education.

## I. OPERATIONAL COLLABORATION

### Bank Efforts to Reach Out to NGOs

6. Qureshi directives and regional follow-up: In November 1987, Mr. Qureshi asked the Bank's regional offices to "identify specific countries, sectors, and operations in which to pursue a major expansion of work with NGOs." This set in motion a substantial Bank-wide effort. Operational staff reported back reasonably positive attitudes toward NGOs on the part of many developing-country governments. Staff identified some 150 projects planned for the next several years in which they hope to involve NGOs. These plans represent a doubling or tripling of the pattern of recent years, during which NGOs have been involved in 15 to 20 Bank projects a year.

7. In most cases Bank staff envision NGOs providing services to poor people, which NGOs can sometimes do at lower cost or more effectively than official agencies. But many NGOs have urged the Bank to think of them also as advocates and organizers among poor people. For his April 1988 address (para. 2 above), Mr. Qureshi drew on advice from both Bank staff and NGOs. In follow-up guidance to Bank staff, he stressed what NGOs can do, not only as implementing agencies, but also in providing alternative perspectives on policy issues and in fostering the participation of poor people in planning. Another report from each regional office was requested after six months, along with a biannual update of the list of projects with potential for NGO involvement.

8. NGOs at last year's meeting of the Bank-NGO Committee suggested that local groups would often find it easiest to initiate contact with the Bank through its resident missions, a point emphasized by Mr. Qureshi in guidance to staff. The Bank has more resident missions in Africa and Asia than elsewhere, and, as indicated in Annex 1, resident missions have taken the lead in Bank learning about NGOs in Africa and Asia.

9. The following summaries illustrate how Bank-NGO cooperation is evolving in countries where current initiatives are relatively advanced:

- o The Bank and NGOs are beginning to talk and work together much more than before on various aspects of development in India. The Multistate Sericulture Project and the Fifth Population (Madras and Bombay) Project both finance grants

to NGOs -- in the former case, for NGO initiatives and innovations to assist women, scheduled castes, tribes, and the landless; and in the latter, for health clinics and family welfare education activities. The Bank is doing a study of NGOs in the health and family welfare sector in Tamil Nadu and Maharashtra and of how state governments could more effectively work with them. The Government of India and the Bank are working intensively on resettlement issues in Bank-financed projects. In the Second Upper Krishna Irrigation Project, MYRADA has been involved early in the preparation of resettlement plans. The Bank is dealing with the Aga Khan Support Program in Gujarat on the problem of organizing farmers for groundwater management in a district suffering from salinity. Finally, AVARD and the Bank's resident mission organized a recent meeting between about 20 NGOs and the management team of the Bank's India Department.

- o NGOs have been involved since the inception of work on Madagascar's Environmental Action Plan. NGOs have played a major role in the planning process, and a report on the Plan was copublished by the World Bank and World Wildlife Fund. NGOs are also involved in Madagascar's Economic Management and Social Action Project (EMSAP), which will be broadly similar to Ghana's PAMSCAD (Annex 3, page 17). The Government has made a strong statement on cooperation with NGOs in pursuing more active social policies and is also considering the creation of revolving funds to finance NGO projects.
- o NGOs are involved in several aspects of the Bank's work in Brazil. First, the Bank now has extensive relations with environmental groups in Brazil. They are very much involved, not only in critiquing various Bank-financed projects, but also in planning Brazil's National Environment Project. Second, rural workers' federations, cooperatives, and other NGOs have influenced the Program of Assistance to Small-Scale Producers (PAPP), a huge rural development program in the 10 states of Northeast Brazil. The program includes an allocation of US\$200 million in funding to community groups for projects such as the building of mills, tile and brick works, or multipurpose community centers. Third, the Federacao de Obras Sociais (FOS), a Sao Paulo-based NGO, is working with the Ministry of Education to design a project that would subcontract pre-primary and primary school services to the many local NGOs that already provide such services in Sao Paulo. The Bank helped arrange for technical assistance for FOS on fund-raising from the United Way Campaign in the United States.

10. Bank-wide support systems. In August, the Bank issued an Operational Manual Statement (OMS), "Collaboration with Nongovernmental Organizations". Some NGOs contributed ideas to the OMS, and the final document is publicly available. The OMS defines the Bank's policy toward NGOs and provides guidance to staff. Over the next year, additional

efforts will be made to inform Bank staff about NGOs, beginning with a staff training course in February 1989.

11. SPRIE is setting up a resource center, including computerized databases on NGOs and NGO directories, to help Bank staff identify NGOs and to strengthen institutional memory regarding the Bank's experiences with particular organizations. SPRIE is also working to improve the flow of information from the Bank to NGOs, especially developing-country groups. The Bank's Monthly Operational Summary is now sent free-of-charge to some 150 NGOs around the world, including environmental advocacy groups, to help them learn about projects of interest and to signal potential social or environmental problems. The newly developed list of upcoming projects with potential for NGO involvement (para. 6), is also being widely distributed. While the intention is to help NGOs involve themselves early in the project cycle, thus far consultants seem to be using the list more than NGOs themselves. The Bank mails general information, mainly World Bank News, to 400 NGOs around the world, and SPRIE is providing key information on Bank-NGO collaboration to some of the organizations (such as ICVA, Solidarios, and InterAction) which communicate with large numbers of NGOs regionally or worldwide.

12. The Bank has taken some steps this year to coordinate its NGO initiatives with those of other official agencies (especially UNDP), but more needs to be done. A proposal for a modest program of small grants to help developing-country NGOs involve themselves in Bank operations remains under discussion, as efforts are made to find ways to contain the staff-time costs of administering the program. SPRIE and the Environment Department have also begun working with other Bank departments and some interested NGOs on possible modifications in the Bank's practices regarding access to information.

#### NGOs Reaching Out to Work with the Bank

13. NGO Committee Members: What Committee NGOs have done to follow up on the consensus conclusions of the meeting last year in Santo Domingo, has been essential to the progress made during the year. As proposed in Santo Domingo, the developing-country NGOs on the Committee have taken the lead in follow-up in their own countries. The Bank especially welcomed the NGOs' March 1988 decision to expand developing-country NGO representation on the Committee. But this report does not detail what the Committee NGOs have done, because the NGO side of the Committee, through the NGO Secretariat at ICVA, is this year preparing their own report. It will be included in the Bank's report of the Bank-NGO Committee to its Board.

14. The Bank members of the Committee were convinced at last year's meeting about the importance of NGO-organized consultations at the national or regional level. Thus, it may be worth noting in this discussion draft that there have been relatively few NGO consultations which have closely followed the pattern envisioned in Santo Domingo. Most of the many contacts between the Bank and NGOs worldwide are being initiated by the Bank. Moreover, those consultations which did take place (the Caribbean meeting in St. Lucia, for example) suggest that many NGOs are not fully prepared to go beyond generalities to specific discussion of large-scale projects and public policies.



15. Moreover, experience this year suggests that the Bank should not expect Committee NGOs to provide much help on specific projects, unless the NGO concerned is itself directly involved. Specifically, the Bank invited Mazide N'Diaye and Bernd Dreesmann to go with a mission to Togo to review the Togo Initiative (Annex 3, page 8). The Bank also asked Committee NGOs for help in its dealings with NGOs in the Central African Republic, Guinea, and Cote d'Ivoire.

16. Other NGOs: Some NGOs that are not members of the Committee have been active in promoting operational contacts between NGOs and the Bank. The Institute for Development Research (IDR) in Boston set up two consultations between Asian NGOs and official agencies. With funding from the Ford Foundation, IDR brought two groups of Asian NGO leaders to six-week seminars in Boston. The Asian NGOs invited official development agencies to meet with them, and the NGOs set the agenda. It proved useful for NGOs to meet with several official agencies at one time.

17. The environmental NGOs involved in the "Multilateral Development Banks Campaign" continue to involve themselves, not only on questions of general policy, but also in the specifics of environmentally controversial projects. The campaign has been led by industrial-country environmental groups, such as the Environmental Defense Fund, but now also includes many developing-country NGOs. During 1988, some of these same NGOs created the Bank Information Center in Washington to help developing-country NGOs get information on projects funded by multilateral development banks. Meanwhile, the World Resources Institute in Washington has established a newsletter, The NGO Networker, to keep NGOs, especially developing-country groups, abreast of current interactions between NGOs and official development agencies.

18. NGO associations are likely to play a key role in forging practical relations between large official agencies and local NGOs. During the year, Bank staff discussed Bank-NGO collaboration with representatives of the Environmental Liaison Center, the Forum of African Voluntary Development Organizations, Six-S, Innovations et Reseaux pour le Developpement, InterAction, Save the Children Alliance, and some national NGO associations. Bank staff also met with staff of the Vatican, UNICEF, and the UN Non-Governmental Liaison Service (New York), each of which communicates with different sets of NGOs.

#### Patterns in Operational Collaboration

19. Completed projects: Past progress reports have included summaries of plans to include NGOs in Bank-financed projects that had recently become effective. But this year, for the first time, this report includes summaries of what actually happened in some completed projects. SPRIE found discussions of NGO involvement in 11 of the project completion reports which the Bank did this year. These projects are listed and a selection described in Annex 2.

20. All but one of the 11 completed cases were agriculture and rural development projects. Most of these projects became effective in the late 1970s, when the Bank's efforts to reach the poor directly were still relatively new and largely focused on rural development. During those years, agriculture and rural development indeed may have been the focus of

most Bank-NGO collaboration. In the 11 completed cases, nearly all the NGOs involved were developing-country NGOs, mainly beneficiary groups.

21. The extent of NGO involvement in these 11 projects was almost never correctly anticipated at the outset. The evolution of institutions is always difficult to predict, and that of voluntary institutions especially so. In some cases, NGOs played a more important role than expected. In the Zaire livestock project (Annex 2, page 7), the importance of farmers' associations became apparent during implementation. The project eventually fostered the creation of 117 associations; these then, unexpectedly, joined together in a federation, which is playing a key role in the recently approved follow-on project (Annex 3, page 9). In Bolivia, teachers' and farmers' associations were involved when a failing education project was restructured (Annex 2, page 8).

22. In six of the 11 cases, project planners envisioned a role for grassroots groups (farmers' associations or cooperatives), but implementation fell far short of expectations. In some cases (such as the Laos project (Annex 2, page 4)), the grassroots groups may have simply been too weak to do what project planners hoped. But in at least two cases (the Thailand case (Annex 2, page 6) is one of them), it seems that better-off farmers managed to appropriate the benefits that project planners had intended for poorer farmers. The fact that official planners tried but failed to work with grassroots groups in most of these completed cases suggests an important role for intermediary NGOs; they can strengthen grassroots groups to at least take better advantage of official programs that are designed to help them.

23. In at least two cases, NGOs that received assistance for their economic functions grew in political strength. The Zairian herders' federation helped lower-income herders defend their interests (Annex 2, page 7), while the Central African Republic herders' association seems to have helped relatively well-off herders defend their interests (Annex 2, page 3).

24. An apex coffee cooperative in Cameroon (Annex 2, page 2) tried to broaden itself to promote rural development generally and failed. The Bank evidently turned to this NGO as an alternative to the Ministry of Agriculture. But the Ministry thus had little incentive to collaborate, and an NGO could not perform some of the crucial functions of a government ministry.

25. The Malaysia project (Annex 2, page 4) illustrates problems that arise when the beneficiaries of a project are not informed and consulted early on. The project eventually succeeded, but farmers initially resisted irrigation changes associated with new varieties.

26. Finally, the Senegal livestock project (Annex 2, page 5) seems to have been a model of Bank-NGO collaboration. The project built on traditional social organizations among its intended beneficiaries. The Bank and Government consulted with the herders before implementation began, and the project included literacy training through the herders' associations. Project design was adapted during implementation in response to actual demand from the herders. The follow-on project (Annex 3, page 6)

will deepen this process and involve NGOs in reaching other groups of herders and farmers.

27. Past and current patterns: Lawrence Salmen, of the Bank's Country Economics Department, is working on a review of the Bank's past project experience with NGOs. Over the years, the Bank's central NGO staff has maintained a case book of Bank projects for which appraisal reports noted NGO involvement, and Salmen began his review by checking for patterns in the 201 projects that were in the case book as of several months ago. This year we have added 21 new cases; these are listed and a selection included in Annex 3. Table 1 on the next page presents summary figures for both the historical set of 201 cases and the 21 new cases. The Bank-NGO case book is not a complete or entirely reliable record of Bank-NGO collaboration, but the figures in Table 1 nevertheless suggest some interesting patterns.

Table 1: Patterns in Bank-NGO Collaboration

	<u>201 Cases</u> <u>(1973-1988)</u>		<u>21 Cases</u> <u>(1988)</u>	
<u>Regions:</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>
Africa	45	22	12	57
Asia	114	58	5	24
Latin America, Caribbean	27	13	3	14
Europe, Middle East, North Africa	15	7	1	5
	----	----	---	---
<u>Total:</u>	<u>201</u>	<u>100</u>	<u>21</u>	<u>100</u>
<u>Sectors:</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>
Agriculture/rural development	89	44	11	52
Environment	0	0	2	9
Education/training	20	10	1	5
Population/health	25	12	4	19
Industry/energy	22	11	1	5
Infrastructure/urban development	42	21	0	0
Relief	3	2	0	0
Adjustment-related programs	0	0	2	10
	----	----	---	---
<u>Totals:</u>	<u>201</u>	<u>100</u>	<u>21</u>	<u>100</u>
<u>Types of NGOs:</u>	<u>No. of</u> <u>NGOs</u>	<u>Percent</u>	<u>No. of</u> <u>NGOs</u>	<u>Percent</u>
Grassroots	40	16	18	53
Indigenous/national	70	28	9	26
International	137	56	7	21
	----	-----	---	---
<u>Totals: 1/</u>	<u>247</u>	<u>100</u>	<u>34</u>	<u>100</u>
<u>Functions:</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>	<u>No. of</u> <u>Projects</u>	<u>Percent</u>
Advice	73	29	1	3
Design	26	10	2	5
Implementation	143	57	34	87
Evaluation	1	0	0	0
Co-financier	10	4	2	5
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<u>Totals: 1/</u>	<u>253</u>	<u>100</u>	<u>39</u>	<u>100</u>

1/ Exceeds number of cases, because NGO involvement in one case sometimes falls into more than one category.

28. Over half the NGO-related projects that became effective this year were in Africa, and another quarter in Asia. Historically, these proportions were reversed. But there have always been fewer cases in Latin America, and fewest in Eastern Europe, the Middle East, and North Africa.

29. The concentration of Bank-NGO collaboration in Africa and Asia may be partly because the Bank has concessional IDA funding for many African and Asian countries. In Latin America, Europe, and North Africa, the Bank makes long-term IBRD loans at non-concessional interest rates. There have also been differences in the level of Bank effort to work with NGOs in the different regions. For example, the Bank's country departments for Latin America have in recent years been preoccupied with debt and national adjustment. But UNDP is finding similar regional patterns in its work with NGOs, which suggests differences rooted in the regions themselves.

30. In Africa, governmental institutions are often weak and traditional aid strategies have clearly run into problems, so international agencies are looking to NGOs for alternatives. In much of Asia, NGOs are strong and government-NGO relations relatively good. The growth of India's dairy cooperative movement (Annex 3, page 3) illustrates the strength of some Asian NGOs and how they sometimes work well with governments. In Latin America, by contrast, government-NGO relations are often more sharply antagonistic. Finally, in Eastern Europe, the Middle East, and North Africa, NGOs tend to be relatively weak and their relations with governments uneasy.

31. Historically and again this year, about half the cases of NGO participation have been in agriculture. Annex 3 includes a case from Malawi where farmers' clubs will channel credit (page 4), a case from Morocco which illustrates how Bank-financed irrigation projects often involve and promote water users' associations (page 5), and the new Zaire and Senegal projects involving pastoral associations (pages 6 and 9).

32. NGO involvement in the population/health sector has increased markedly in recent years. The Bank has for several years had a program of grant funding for population/health NGOs, mainly in Africa. This program has entailed substantial staff-time costs, but it has helped to strengthen population NGOs and involve them in Bank-financed projects. This fiscal year grants totalling \$500,000 went through the International Planned Parenthood Federation, Family Care International, the African Medical and Research Foundation (AMREF), and the Population Council. Nowadays, there is scarcely a Bank-supported population or health project that does not have a major role for the local family planning association or community-based health groups. Annex 3 includes health/population projects in Kenya and Sri Lanka (pages 10 and 12).

33. There were no reported cases of NGO involvement in the infrastructure and urban development projects that became effective this year, perhaps because the focus of the Bank's urban development lending has shifted from projects in specific low-income neighborhoods to institutional reform at the municipal and national levels. Where the Bank invests in microenterprise support programs, as in the Burundi case (Annex 3, page 13), NGOs are often involved.

34. Two new sectoral categories have been added to the case book this year. The first is environment. Last year's progress report featured an entire annex about NGO involvement in environmentally controversial projects, and the Brazil resettlement project in Annex 3 (page 14) provides another example. Some developing-country governments are concerned that the influence of industrial-country environmental groups could be a form of "NGO colonialism."

35. The other new category this year, NGO involvement in adjustment programs, is also controversial. At last year's meeting of the Bank-NGO Committee, John Clark of Oxfam argued that NGOs should be consulted about the design of adjustment policies, not simply recruited to help with special poverty-alleviation programs. The Government of Ghana has taken a few modest steps to consult with NGOs (Annex 3, page 17), but even this much consultation is exceptional. In discussions of Bank-NGO collaboration in the Bank's Board of Executive Directors, several developing-country directors have objected to the notion that NGOs should have a role in shaping national economic policies.

36. The bottom two sections of Table 1 show that over half of this year's cases of Bank-NGO collaboration involve grassroots groups, and that the bulk of NGO involvement in Bank-financed projects is at the implementation stage. The apparently dramatic shifts in these sections between this year's cases and the historical record are probably due mainly to a change in record-keeping. As projects were reviewed in earlier years, grassroots groups were not always considered as NGOs. Fuller reporting about the involvement of grassroots groups has also added to the number of cases in which NGOs were involved in project implementation; of this year's 34 cases of NGOs involved in implementation, 18 were grassroots groups.

37. Emerging trends: The most obvious trend in Bank-NGO relations is expansion. It is clear from the number of projects in which Bank staff see potential for NGO involvement (para. 6) and the quality of NGO involvement in some current activities that will probably lead into projects that become effective a year or two from now (para. 9).

38. NGOs are beginning to get involved at the design stage. In the Gambia Women in Development project, NGOs are represented on each of six task forces involved in project preparation, and the Bank's Project Preparation Facility is financing planning expenses for both the Government and NGO coordinating bodies. In the Philippines, a Health Development Project is being planned by a team that includes representatives of four major NGOs. The project aims for partnerships between the Government and NGOs that will elicit greater household and community involvement in health improvement, especially for the very poor. In Lesotho, as in Madagascar (para. 9), NGOs have been involved since the inception of planning for a national environmental plan. In Lesotho, NGOs took part in an initial environmental symposium that was chaired by the King.

39. Other agencies, including many international NGOs, are usually better-equipped than the Bank for the delicate work of strengthening developing-country NGO institutions. But the upcoming Togo Grassroots Collaborative Project (Annex 3, page 8) will finance training and other aspects of institutional development for FONGTO, the Togolese NGO association. The Bank's Third Population Project in Kenya (Annex 3,

page 10) includes a study of how Kenyan NGOs can reduce their dependence on external sources. The Bank chaired a donors' meeting for AMREF (para. 32) to encourage them to shift some funding from specific projects to AMREF's core costs.

40. The most important support the Bank can give to NGOs is to help governments establish public institutions and policies which encourage NGOs. The Burundi project (Annex 3, page 13) is funding the preparation of legislation that will make a network of cooperatives eligible for monies from the Central Bank. Two of the projects in Annex 3, in Niger (page 6) and Togo (page 8), establish governmental grant programs for NGOs. In Togo, the Bank's interest in NGOs also seems to have helped them establish a policy dialogue with the Government on the national development plan. In Nepal, the latest economic mission included two consultants from the U.S. NGO consortium, PACT (Private Agencies Cooperating Together), and their recommendations regarding Government policy toward NGOs will be included in the Bank's upcoming country economic report.

41. In Bangladesh, the Bank has been working with Government and NGOs for some time in support of a policy that would be more supportive of NGOs and regulations that would be less onerous and time-consuming. But whether or not to move forward with the poverty project to which these discussions were related is now at issue between the Bank and Government. Similarly, the Bank suggested to the Government of Sudan that it involve NGOs in a social program associated with structural adjustment, but there were complications: Government policy against passing borrowed funds on to NGOs, uncertainties about how the funds would be used and who would decide, and questions about the capacity of NGOs to quickly expand their programs. In any case, the Sudan adjustment program itself has been delayed, in large measure because of the recent floods.

## II. POLICY DIALOGUE

### Policy Action by the Bank

42. Last year's progress report described increased World Bank policy emphasis on the poverty and environmental aspects of development, partly in response to concerns raised by NGOs. The large-scale development processes in which the Bank is involved normally require long periods of time for planning and implementation, but the Bank's emphasis on poverty and environment is already bearing fruit in its country-level operations. Bank-NGO policy dialogue on poverty and environment issues continued in 1988, but for the most part focused on the speed and extent to which the Bank is implementing its current policies.

43. Poverty: The continuing financial and economic crisis which some developing countries face makes it difficult for them, or the Bank, to maintain special efforts to reduce poverty. But the Bank now specifically reviews the poverty impact of all its adjustment loans and often supports measures to protect poor people during the adjustment period. In Mexico, for example, one condition of a sectoral adjustment program which reduced marketwide food subsidies is the maintenance of \$200 million a year in food subsidies for low-income people; one of the targeted food subsidy programs is administered by locally elected community organizations. The Bank/UNDP "Social Dimensions of Adjustment" (SDA) program is supporting poverty-

focused research and action in 25 African countries. SDA has turned to NGOs for consultants and has sponsored meetings with NGOs in Chad and Guinea Bissau to discuss adjustment and its social aspects. NGOs are helping to implement SDA projects in Chad, Guinea, Guinea Bissau, Madagascar, and Mauritania.

44. Emphasis on poverty reduction at the policy level of the Bank is also bearing fruit in other ways. The Bank's heightened policy emphasis on women in development has contributed, for example, to new working relationships in Kenya between agricultural extension workers and groups of women farmers. The Bank's operations are usually based on prior studies at the country level, and the Bank's country-level studies in 1988 featured much more poverty-focused work than in recent years. This included reviews of poverty issues and social-sector programs in Argentina, Brazil, Colombia, Jamaica, the Philippines, Bangladesh, India, Indonesia, and Korea.

45. Based in part on the work of two high-level staff task forces, the Bank has recently committed itself to further strengthen its poverty reduction work along the following directions:

- o More emphasis on poverty reduction in country assistance strategies and on operations whose primary objective is the reduction of poverty, especially extreme poverty;
- o Increased lending in agriculture and the social sectors, including projects to improve conditions for women;
- o Increased emphasis on food security, especially in Africa;
- o More economic analysis with a poverty focus, including "poverty profiles" for interested borrowers and attention to the sociological and cultural aspects of poverty;
- o Monitoring the poverty impact of Bank operations that do not have an explicit poverty focus;
- o Stepped-up efforts to help governments protect the poor during adjustment by integrating distributional concerns into the design of adjustment programs, targetting social expenditures, and compensatory programs;
- o Significant expansion of NGO involvement in Bank-supported undertakings;
- o Emphasis on the linkages between poverty reduction and environmental preservation; and,
- o Further exploration of the feasibility of "Core Poverty Programs" which would draw the elements of the Bank's



support for direct poverty reduction into an integrated package at the country level.

46. Poverty-advocacy NGOs, following the example of environmental NGOs, are now cooperating among themselves to influence the Bank, mainly by lobbying industrial-country governments on Bank-related issues. One group of NGOs (World Development Movement, RESULTS, Bread for the World, and others) initiated a letter to the Bank about poverty which was signed by hundreds of U.S., U.K., Canadian, and Australian parliamentarians. The letter urged the Bank to give more prominence to social indicators in guiding its decisions and to design adjustment programs to benefit the poor. The letter also proposed that the next replenishment of IDA (the Bank's concessional affiliate) should provide grants, rather than concessional loans, to the poorest countries. Later in the year, a number of U.S. poverty advocacy groups organized the Development Banks Assessment Network. This Network is monitoring the Bank's implementation of its current policies regarding poverty-and-adjustment and Bank-NGO collaboration. The Development Banks Assessment Network has invited NGOs on the Bank-NGO Committee to meet with them on November 4, just after the Committee's meeting.

47. Environment: The Bank's Environment Department and regional environmental units are now fully functional, and new procedures have strengthened the environmental review of projects and of the Bank's economic policy analysis.

48. The Bank is factoring environmental concerns into its economic analysis in some countries. In Indonesia, for example, the Bank has done a major environmental study, including a review of forest management issues. The Bank is also expanding environmental lending. The Bank has 29 projects under preparation, amounting to some US\$200 million a year over the next several years, related to desertification. In Sudan, for instance, the Bank is supporting a comprehensive land and water use policy that will recognize the rights of traditional land users and encourage the development of land and water use programs at local levels. The Bank also continues its program of lending for water and urban development, with emphasis on management and the urban poor. The Bank's current work on air and water pollution includes, as an illustration, a project to strengthen the regulatory and compliance capacities of the Steel Authority of India.

49. The Bank has improved its understanding, and that of governments, about how to handle resettlement issues in development projects. Based on a review of experience with resettlement in 15 countries, Michael Cernea, a Bank member of the Bank-NGO Committee, prepared "Involuntary Resettlement in Development Projects: Policy Guidelines in World Bank-Financed Projects." This approach is being applied in the Itaparica resettlement project (Annex 3, page 14).

50. The Bank is seeking ways for tribal and indigenous peoples to more fully participate in and benefit from its operations, and NGOs are playing a key role. In Ecuador, for example, Fundacion Natura did the first draft of a Bank-supported study of options for the Amazon region; this Quito-based environmental institute emphasized the land rights and traditional subsistence systems of indigenous groups. The Bank is also

participating in a study of Mexican Indians, which has documented the activities of many Indian organizations involved in raising economic productivity.

51. The environmental NGOs that comprise the Multilateral Development Bank Campaign (para. 17) acknowledge that significant change is underway at the World Bank, but remain sharply critical. Meeting in Berlin at the time of the Bank/Fund Annual Meetings in September 1988, they urged fundamental changes in the world economy and in the multilateral development banks. They stressed preservation of the Amazon forest, curtailment of pesticides, and a ban on international export of toxic waste. Bank staff attended the environmental congress in Berlin and issued a joint press release with the NGOs about tropical rainforest destruction. The environmental NGOs in Berlin sought visitor status within the Bank/Fund Annual Meetings, and the Bank was able to obtain clearance from member governments for about two-thirds of them, but the congress urged access for all interested NGOs to next year's Annual Meetings.

52. The Bank now often seeks the policy views of environmental groups. When the environmental staffs of the major multilateral institutions gathered at this year's meeting of the Committee of International Development Institutions on Environment (CIDIE), NGOs were invited to speak. On another occasion, the Bank invited a group of knowledgeable African and European NGOs to a three-day meeting in Paris to get their advice on environmental problems in the Sudano-Sahelian belt of Africa.

#### Other Policy Discussions Between the Bank and NGOs

53. Policy discussions between the Bank and NGOs are also underway, or at least beginning, on a variety of other issues. The Bank's growing interest in NGOs and local participation has spawned several papers on NGOs this year: Michael Cernea's Nongovernmental Organizations and Local Development, John Briscoe and David de Ferranti's Water for Rural Communities: Helping Poor People Help Themselves, Samuel Paul's "Governments and Grassroots Organizations" (published in the Overseas Development Council's Strengthening the Poor). The Bank's Economic Development Institute helped to organize a seminar on community participation in Kuala Lumpur in June 1988, for which Michael Bamberger prepared a paper entitled "Methodological Issues in the Evaluation of Community Participation". It suggests how discussion might be structured between those (mostly in NGOs) who advocate community participation as an end in itself and those (mostly in official agencies) who see it as a means to more successful projects. SPRIE is planning to promote more systematic dialogue between NGOs and the Bank on local participation in development planning.

54. Some NGOs are increasingly active on the issue of developing-country debt. NGO meetings in Lima (January) and Berlin (August-September) argued that much developing-country debt is morally illegitimate, urged debt repudiation, and criticized Bank and IMF adjustment programs. The burden of international debt was a common theme of all the meetings and demonstrations among NGOs and political activists who gathered in Berlin at the time of the Bank/Fund Annual Meetings. In fact, the Bank has consistently urged industrial-country governments and commercial banks to

be more forthcoming in responding to the debt crisis. The Bank has argued, with some success, for debt relief for low-income African countries that are attempting structural reforms. For the middle-income heavily-indebted countries, the Bank has been the main source of new money since the onset of the debt crisis and is also assisting with innovative approaches to the debt overhang. It has stressed the need to consider an expanded role for voluntary, market-based debt reduction techniques for some countries. Member countries this year approved a General Capital Increase (GCI) which will allow the Bank to keep expanding lending. Few NGOs took a position on the GCI, and those that did were split of the issue.

55. Many NGOs are critical of the current world economic order generally, and a few industrial-country NGOs lobby their governments on selected trade and macroeconomic management issues. The Bank has repeatedly analyzed the cost to developing countries of protectionism and fiscal deficits in the industrial countries (in its World Development Reports, for example). At the September 1988 meeting of the Development Committee, the Bank presented evidence which suggests that industrial-country protectionism costs the developing countries more than the value of all official development assistance. The Development Committee asked the Bank, for the first time, to include in its assessment of developing-country adjustment and development programs an evaluation of the impact of industrial-country trade policies.

56. A still-in-process report on long-term perspectives in Africa has systematically drawn on NGO experience and views. Some Committee NGOs commented on a preliminary draft. The Bank is developing this report in a participatory way, consulting with many African institutions and individuals on successive drafts.

57. The Bank was one of the principal organizers of a global conference in Washington in June 1988, which brought together experts on microenterprise development from governments, NGOs, and international agencies all around the world. Bank officials said that the Bank can usually best contribute to microenterprise development by supporting helpful changes in regulations and interest rates, leaving it to other institutions to work directly with microenterprise programs and microentrepreneurs.

58. The Bank is, in a modest way, helping to build NGO capacity to contribute to the broader discussion of development policy. One channel is the Bank's External Grants Program (annual budget of about US\$280,000), which assists organizations and activities that promote dialogue on development policy issues. Grants from the Bank have helped the Overseas Development Council, the Overseas Development Institute, and the Society for International Development, especially in their formative years. But the Grants Committee is seeking to expand assistance to developing-country think tanks and other developing-country NGOs that contribute to policy debate. In this fiscal year, grants went to the Thailand Development Research Institute, the Indian Council for Research on International Economic Relations, and the African Academy of Sciences.

### III. DEVELOPMENT EDUCATION

59. Development education in the industrial countries is the third core area in which the Bank works with NGOs. Cooperation between the Bank and NGOs on development education could be quite fruitful, because the Bank's macro-perspective and technical knowledge is a good complement to NGOs' strengths. The Bank's External Affairs Department is primarily responsible for both public information and the Bank's contribution to development education.

60. The External Affairs Department was reduced in size during the Bank's reorganization, but has nevertheless managed to assign additional resources to development education. In early 1988, a staff task force recommended that the Bank's development education efforts be somewhat expanded, and much of this work involves NGOs. The Bank is collaborating with Panos Institute (based in London and Washington) on a book about global interdependence, and the book will be the basis for workshops sponsored by the National Governors' Association and the Consortium for International Cooperation in Higher Education. Meanwhile, the Society for Professional Journalists is organizing journalists' workshops based on Main Street America and the Third World by John Maxwell Hamilton from the Bank's staff.

61. Bank publications include development education materials for secondary schools (described in the 1988 Catalogue of Education Materials). Poster kits on population growth and life expectancy are among the Bank's best-selling publications.

62. The Bank's European Office (EURO) is in regular contact with some European NGOs, invites NGOs to many of the events it sponsors, and also participates in NGO events (NGLS-Geneva's "Africa Four Years On" conference, for example). EURO actively supported the "North-South Interdependence and Solidarity Campaign", which was organized by NGOs and parliamentarians under the auspices of the Council of Europe. The Bank provided speakers for some of the national roundtables. In the context of the Campaign, EURO and OECD cosponsored a symposium on the adjustments needed in both industrial and developing countries. This symposium brought together 70 politicians, officials, academics, and NGO representatives from 13 countries. EURO also cosponsored conferences on poverty and adjustment at the Overseas Development Institute in London in March and at the Institute of Social Studies at the Hague in May. Finally, EURO organized a tour of World Bank and other projects in East Africa for NGO representatives from Germany, Netherlands, and Sweden.

63. The External Grants Committee (para. 58) also provides modest support for development education in the industrial countries. This year grants totalling US\$57,000 supported the development education work of the Centre for World Development Education (U.K.), Global Tomorrow Coalition (U.S.), International Development Conference (U.S.), One World Broadcasting Trust (U.K.), SID-USA Chapters Center (U.S.), Third World Educational Clearing House Trust (U.K.), and Youth for Development Cooperation (Netherlands).

#### IV. ISSUES

64. This report raises various issues, but the Bank-NGO Committee may wish to focus on the two following interrelated issues in its review of the past year's progress.

65. NGO initiatives to shape the relationship. The Bank is moving fairly quickly to involve NGOs in its operations, and some governments and other multilateral agencies are also reaching out to NGOs more than before. NGOs are myriad and scattered, so it is taking some time for word to get out that the Bank wants to work more closely with NGOs (without compromising their independence), and it will take more time for NGOs to decide how they want to respond. The pace of change in the Bank should not be slowed, but steps should be taken to reduce the risks that NGOs may be overloaded or coopted by official agencies. Can Committee NGOs or other NGOs step up their efforts to help developing-country NGOs meet among themselves and decide how they want to build on increased official interest in them (para. 14)? How should the Bank get NGO advice regarding specific projects (para. 15)?

66. Demonstrating effectiveness. Tim Broadhead of the Canadian Council for International Cooperation opened the 1987 London conference on NGO effectiveness with a question, "NGOs: In one year and out the other?" NGOs are enjoying unprecedented positive attention from governments and international agencies right now, but the history of international development has seen many short-lived trends. The current NGO "fashion" is not likely to last for more than a few years; do Committee NGOs share this sense of the vulnerability and urgency of this joint enterprise? The Bank is taking steps to monitor and evaluate its growing experience with NGOs (paras. 19-40); we are interested in what NGOs are doing to more fully evaluate their activities and learn from their limitations. Finally, SPRIE intends to focus its operational support on some 20 promising situations where, within three years, the Bank stands a good chance of being able to show that NGO involvement in its operations is really making a difference to poor people; in what countries and sectors would NGOs suggested that the Bank make its most intensive efforts to work with NGOs?

**RESIDENT MISSIONS'S NGO WORK  
IN AFRICA AND ASIA**

Resident Mission	Work with NGOs
<b>I. AFRICA</b>	
Benin	Worked with Canadian CIDA to develop umbrella organization for NGOs. Seed money used to finance NGO micro-credit operation. <sup>1/</sup>
Burkina Faso	Hired consultant to increase knowledge of NGOs, including cooperation strategy between NGOs, Bank and Government.
Cameroon	Active in inventorying NGOs and assessing interest of NGO community and UNDP in establishing coordination mechanism.
Cote d'Ivoire	Regular meetings with NGOs. Surveying NGOs to identify main features, sectors, goals, constraints and needs. Used seed money to improve knowledge of 25 NGOs and to organize large meeting of NGOs. Component in urban development project will assist Ministry of Planning to set up NGO unit.
Ethiopia	Resident representative regularly participates in informal meetings with NGOs and attended workshop. Seed money provided to local NGO to help a community design its own rural development project. Shared funding of OXFAM observers on Bank supervision mission, leading to OXFAM sponsorship of a seminar for NGOs.
Ghana	Working closely with NGOs to encourage their participation in PAMSCAD. Held series of meetings with GAPVOD and assisted in organization and financing of NGO workshop.
Guinea	Used seed money for study (conducted in collaboration with Government and UNICEF) of NGOs and their effectiveness. Resident mission hopes to involve umbrella group (to be identified) in regular aid coordination meetings, but some reluctance on part of Government and official donors.
Kenya	Resident representative helped sponsor a donors' meeting for the African Medical Relief Federation (AMREF) in April. Helped AMREF obtain some core funding for institutional development to complement its normal project funding.
Madagascar	Working with NGOs in action program to accompany adjustment operations (EMSAP) to: modify governmental attitudes toward NGOs, investigate a possible coordinating structure, and explore funding of microprojects. Inventory in progress. Seed money contributed to NGO project using honey and fish to feed orphans and settle them into urban life.
Mali	Initial contacts fruitful, leading to meeting between umbrella group and Bank project directors and probably to expanded future NGO involvement in Bank projects.
Malawi	Facilitating contacts between Bank staff and NGOs. With seed money, contracted study on indigenous NGOs' strengths and weaknesses and on areas of future involvement.
Nigeria	Resident mission has inventory of nationally recognized NGOs and gives formal and informal speeches, encouraging interaction and participating in NGO events.

<sup>1/</sup> At the February 1988 Lome meeting of African resident representatives, the Vice President for Africa allocated \$2,000 to each resident mission to be used as seed money to help promote closer relations with NGOs.

RESIDENT MISSIONS'S NGO WORK  
IN AFRICA AND ASIA

Resident Mission

Work with NGOs

I. AFRICA (continued)

Senegal	Low-key position. Responding to enquiries, but not initiating contacts pending results of UNDP survey of NGOs and guidance from Government.
Somalia	Recent meeting with NGOs. Detailed listing of national and international NGOs. Used seed money to support, together with UNICEF, a local NGO study of needs and possible community-based service approaches.
Sudan	Inventory of NGOs prepared; intends to publish booklet. Resident mission spearheaded First National Conference on Safe Motherhood, which opened door for involvement of NGOs in mother-and-child care, long neglected. Used seed money for (a) study on cost-recovery system for the health sector, which reflected successful NGO systems; and (b) refuse collection pilot works by an NGO working on urban settlements for displaced persons.
Tanzania	Will hire local consultant to prepare NGO inventory. Used seed money to assist NGO in carrying out study of socioeconomic conditions in Mozambique border provinces, now experiencing significant refugee inflows; the study identified projects suitable for donor financing.
Togo	FONNGO covers 80% of Togolese NGOs and is becoming principal liaison between Bank and NGOs. Resident mission has frequent contacts with and participates in NGO activities. Resident representative serves on steering committee for "Togo Initiative" and has been active in preparation of upcoming IDA-funded Grassroots Collaboration project. Industry, health and education missions met with NGOs. Seed money supported a number of activities and seminars by local NGOs.
Rwanda	Used seed money as direct support to four NGOs: additional desks for students; technical training for abandoned children; craft catalog for small artisans' shop; and beekeeping equipment. Government using IDA funds to contract NGOs to organize major expansion of rural water supply. Resident mission hopes to assist in promoting creation of umbrella NGO organization.
Uganda	Resident mission has close working relations with 3, and active dialog with 10, of the 29 NGOs active in Uganda. Resident mission makes effort to include relevant NGOs in regular donor meetings with Government. NGOs are initiating more contacts and asking the resident mission to use its contacts with Government to bring NGO problems to attention of policymakers. Issues include typical NGO caution in dealing with large bureaucracies, including the Bank, and the extent to which Bank can or should become an agent for NGOs in helping to overcome Government bureaucratic and policy constraints.
Zaire	Used seed money to assist publication of basic management manual for entrepreneurs and managers of small-scale businesses.
Zambia	List of NGOs active in country prepared by resident mission and NCSD, umbrella NGO. Significant NGO contacts made, including working lunch and meetings at resident mission.
Zimbabwe	Increased contacts with major local and international NGOs to identify areas for collaboration, especially in social sectors.

RESIDENT MISSIONS'S NGO WORK  
IN AFRICA AND ASIA

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Resident Mission

Work with NGOs

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II. ASIA

Bangladesh	Maintains close contact with the major local NGOs (e.g., BRAC, PROSHIKA, Grameen Bank) as well as with the Association of Development Agencies in Bangladesh (ADAB). Advises visiting missions on NGO activities/areas of common interest and assists in establishing contact.
China	In contact with CICETE, the government agency responsible for relations with foreign NGOs.
India	Worked with AVARD to arrange meeting between 25 Indian NGOs and the Bank's management team for India. Also active in dealing with NGOs on environment/resettlement and health/population issues.
Indonesia	Resident representative has met with international and local NGOs.
Nepal	Maintains informal and active contact with major NGOs. Has initiated contact with the Social Services National Coordinating Council (SSNCC) which serves as a regulatory agency for NGOs and provides support to local NGOs. This led to a review of the NGO sector in the 1988 Nepal CEM. Has also participated in periodic meetings of UNDP/NGO consultative group formed in 1987.
Philippines	Active in developing NGO involvement with the Bank in the health and education sectors.
Sri Lanka	Maintains close contact with the major local NGO (Sarvodaya Shramadana Movement) and has studied, for example, techniques it uses in providing credit to farmers and fishermen. Has initiated dialogue with the National NGO Council of Sri Lanka. As coordinator of the National Reconstruction Committee overseeing use of aid agency funds for reconstruction, Resident Representative tries to promote specific NGO reconstruction activities.

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SUMMARY TABLE: COMPLETED PROJECTS REVIEWED FOR 1988 PROGRESS REPORT

Sector	Country	Project	Page No.*	NGO Type	NGO Involvement	Description
Agriculture and Rural Development	Bangladesh	Second Foodgrain Storage		Grassroots	Beneficiary Group	Government-sponsored apex cooperative involved in grain marketing.
	Cameroon	Western Highlands Rural Development	2	National Grassroots	Implementor Beneficiary Group	UCCAD, an apex cooperative, was the implementing agency. Support also given to primary cooperatives.
	CAR	Livestock Development	3	National Grassroots	Implementor Beneficiary Group	National Association of Central African Herders took over many implementation responsibilities from Government's Livestock Service. Development of herders' associations based on traditional groupings.
	Laos	Agricultural Rehabilitation and Development	4	Grassroots	Beneficiary Group	Farmer cooperatives and water users' groups were to maintain and clean irrigation canals for water distribution. Formation of these groups has been too slow to have an impact.
	Malaysia	Krian-Sungei Manik Integrated Rural Development	4	Grassroots	Beneficiary Group	Project successfully introduced T&V system with area farmer groups. Farmer resistance, however, to new techniques could have been avoided by earlier consultation in design.
	Panama	Second Livestock Development		Grassroots	Beneficiary Group	Planned to grant sub-loans to farmers' groups, but this did not occur.
	Rwanda	Bugesera East, Gisaka Migongo Mixed Farming and Rural Development		Grassroots	Implementor/Beneficiary Group	Farmers groups/cooperatives to be involved in implementation, but this did not occur.
	Senegal	Eastern Senegal Livestock Development	5	Grassroots	Beneficiary Group	Pastoral groups, based on traditional structures, involved in range management and service delivery.
	Thailand	Agricultural Credit	6	Grassroots	Beneficiary Group	Project to revitalize cooperatives and farmers associations with credit scheme, but this did not occur.
	Zaire	Ituri Livestock Development	7	National Grassroots	Implementor/Beneficiary Group	Pre-cooperative pastoral associations involved in range management and service delivery. Federation of these associations assumed implementation responsibilities.
Education	Bolivia	First Education and Vocational Training	8	National	Design	Rural Teachers Federation and Farmers' Union involved in design reorganization of Project Unit.

Key: \* Page number of case description if project is included in this annex.

CASE DESCRIPTIONS OF BANK-NGO OPERATIONAL COLLABORATIONCOMPLETED CASESAgriculture and Rural Development:CAMEROON: Western Highlands Rural Development (1978-1984)

The project aimed at intensifying crop cultivation in the project area, while introducing measures to prevent soil erosion and loss of fertility. NGOs were involved as both implementors and beneficiaries of the project.

The project was an integrated rural development project with diverse components: extension, training, seed production, and, as pilot activities, afforestation, small animal husbandry, crop storage, bottomland development and field research on field crops. A distinctive element of the project, however, was that the implementing agency was the **Union des Cooperatives de Cafe Arabica de l'Ouest (UCCAO)**, an apex cooperative organization. UCCAO was founded in 1973 to undertake the grading, processing and marketing of Arabica coffee, the major cash crop in the Western Highlands. Most farmers are members of UCCAO, and the organization also provides central engineering and workshop services to members.

UCCAO was chosen as implementing agency, instead of the Ministry of Agriculture, because the former's efficient management and wide coverage (its cooperatives covered 80% of the farmers in the area), which contrasted sharply with the weakness of the Ministry's field services. However, this choice led to a number of problems. Principal among them were:

- o conflicts between UCCAO and the Ministry of Agriculture, including a long delay in the planned secondment of staff from the Ministry to UCCAO;
- o UCCAO's success at marketing coffee did not necessarily imply that it would be a good rural development agency. This problem was compounded by an underlying ambiguity in its position as such an agency (for example, neither it, nor any government agency, were given responsibility or support for carrying out broader planning functions expected of a regional development authority); and
- o no consideration was given to how UCCAO would be able to continue to provide the new services beyond project completion (though this same problem could have arisen had the Ministry of Agriculture been chosen).

All told, the Bank used the NGO as an implementing agency for an area-based rural development project rather than strengthening the NGO to do what it had been established to do, i.e. marketing of arabica coffee and provision of agricultural inputs to coffee producers.

Despite these weaknesses which came to light during implementation, some aspects of the project were nevertheless successful. 40,000 farmers were reached, for example, which was nearly 10,000 more than planned. And food crop production increased substantially (to which the emphasis shifted in light of unfavorable coffee prices). But the only component aimed at directly assisting the 27 individual cooperatives was only moderately successful. Only six new cooperative warehouses were constructed and sixteen existing ones renovated, compared with appraisal targets of 10 and 25. And, no provision was made for technical assistance to improve the cooperatives' management performance, which ultimately undermined the intention that the cooperatives should play an increased role in the credit scheme run by the National Rural Credit Fund.

CENTRAL AFRICAN REPUBLIC: Livestock Development (1980-1986)

The project was IDA's first agricultural project in the Central African Republic. Its objectives were to improve the livelihood of M'Bororo and Foulbe herdsman in the western part of the country by strengthening the government Livestock Service, providing animal health services, improving pasture management techniques and conducting studies on animal health problems. NGOs were involved to ensure participation by intended beneficiaries in the project.

The original project design relied heavily upon the Livestock Service, which was to receive staff training and equipment for the implementation of subcomponents, the most important of which was the supply of veterinary drugs based on a revolving fund. However, the Service proved to be inadequate for these purposes. This problem compounded those caused by the uncertainty and turmoil at the time of the overthrow of Bokassa and resulted in the project having had no impact after two years.

The project was redesigned after that time, with the institutional emphasis shifting to the **National Association of Central African Herders (ANEC)**. ANEC had been set up by government in the 1974 after the Livestock Services became nonfunctional following Bokassa's Agrarian Reform (which virtually dismantled government services). It is, however, a private organization, financed solely out of herders' subscriptions (in 1985, 65% of all herders in CAR were paying the annual membership fee). At the time of the project's original appraisal, ANEC had been practically bankrupt and very ineffective. In 1981, however, the Association acquired a new Secretary General who gave it a renewed momentum. The responsibility for the veterinary drugs subcomponent was then switched from the Livestock Services to ANEC. Sales greatly increased - rising from CFAF 13 million under the Livestock Service in 1981 to CFAF 316 million in 1985 under ANEC -- a figure over 500% the appraisal objective.

ANEC also played a major role in the successful vaccination campaign against rinderpest (so that losses during the outbreak of the disease were only 0.3% compared with 7% in Chad and Nigeria) which was conducted under the project. The project also contributed to strengthening the management of ANEC. These successes have enabled ANEC to gain prestige and legitimacy in the herders' eyes and to become an effective political force representing their interests.

Despite these positive developments, problems remain with the involvement of ANEC. One is the pressure to which it is still subjected by government to undertake non-livestock-related activities. This may have been partially resolved by a revising of the Association's statutes, giving it greater independence from government. Other problems are an insufficient focus on equity considerations, continued weak management, and inadequate articulation with local structures.

The project also aimed to assist in the development of **herders' associations** based on traditional clan structures, which would participate in the distribution of veterinary drugs and in range management. About 7% of ANEC's drugs were sold through the 18 associations created by the project in 1985. Another 31 associations were set up independently of the project. This rapid proliferation of associations without adequate support from the project created difficulties so that in 1986 one quarter were no longer active and another quarter in financial difficulties. The necessary legislative framework to enable the associations to manage communal lands were not established under mid-1986 and by project completion only applied to one of the 18 project-created groups. It is thus still premature to determine the success of this subcomponent.

#### LAOS: Agricultural Rehabilitation and Development (1978-1985)

The project aimed at increasing agricultural productivity and income. NGOs were involved to promote beneficiary involvement and thereby help ensure sustainability.

The project had three main components: (i) irrigation and drainage services for paddy land; (ii) pig multiplication; and (iii) rice intensification. Beneficiary groups were to be involved in the first component.

While a Government department was to be responsible for operations and maintenance of pumps, gates and valves, **farmer cooperatives** and **water users' groups (WUGs)** were to have responsibility for maintenance and cleaning of canals for water distribution. In practice, however, the formation of cooperatives and WUGs has been slow. The Ministry of Agriculture has undertaken some training of farmer cooperatives which will be extended to WUGs, in a continued effort to form groups after project completion.

#### MALAYSIA: Krian-Sungei Manik Integrated Rural Development (1979-1987)

The project aimed at increasing agricultural incomes and productivity through the improvement of irrigation infrastructure and the promotion of improved techniques. NGOs were involved to assist farmers in putting the new techniques into practice.

The major components of the project were to rehabilitate and improve existing primary and secondary irrigation and drainage systems, construct additional tertiary and quaternary canals and drains, provide farm roads for transportation of agricultural produce, and set up an integrated technical support service based at Farmers' Development Centers.

The project successfully introduced a modified training and visit extension system. Farmers were reached through 338 farmers' groups. Area Farmer Organizations (AFOs) increased membership by almost 37% over a five-year period to 1985, when two thirds of the 24,000 farm families had become members.

Despite the eventual success of the extension services and the consequent increase in farm incomes, the project suffered from serious implementation delays caused in part by initial farmer resistance to the intention to lower drain water levels. This step is necessary for the introduction of high yielding varieties but meant that farmers had to construct bunds to contain water within individual fields and that water availability for fish and vegetable production would be undermined. Thus, while successful overall, this project demonstrates the importance of beneficiary participation in the earliest stages of a project cycle.

SENEGAL: Eastern Senegal Livestock Development (1976-1983)

The project aimed at increasing beef production, improving the use of pastoral resources, and increasing the standard of living of some 30,000 livestock owners in Eastern Senegal. NGOs were involved to ensure beneficiary participation and enhance prospects for sustainability. This project was followed by the Eastern Senegal Rural Development Project, which is included in Annex 3 as a new case (see Annex 3, p. 4).

The project was the first livestock project in Senegal. It had two major components: a grazing scheme and improved animal health services. The project was remarkable for its use of pastoral groups based upon existing traditional structures, which, although previously done in East Africa, was an innovation in West Africa.

The involvement of the pastoralists began prior to implementation. One of the two post-appraisal missions was largely devoted to discussions with the intended beneficiaries to gauge their response and identify the groups with the best potential. The pastoralists were keen to participate in view of some of the project component benefits -- in particular, construction of wells; improved animal health services; and legally established users' rights over pastureland. Regarding the latter, with encouragement from the Bank's mission, the Government declared the grazing scheme area a "pioneer zone," which enabled pastoralists groups to be granted 25-year leases.

The establishment of the groups, within demarcated Pastoral Units (PU), proceeded cautiously during implementation. But by the fourth year of the project, the whole grazing area had been divided into 53 PUs, 36 of which had elected management committees. One of the main features of the grazing scheme was the preparation and implementation of grazing management plans. Although there were some delays in their implementation, by project completion, plans had been prepared for all 53 PUs and had been successfully implemented in about half of them. One manifestation of the success of the plans was the willingness, after discussions between management committees and owners of visiting cattle herds, to turn away cattle from

outside. As a result of this, and other rationalizations, there have been noticeable improvements in pasture utilization and quality.

A significant factor behind the success of the pastoral associations was the project's functional literacy scheme. At completion, 1,840 people had received training. The scheme has continued and is now virtually self-supporting as classes are taken by earlier graduates of the scheme on a voluntary basis. Some graduates have also been more involved, also on a voluntary basis, in providing extension services under the project.

Credit was provided under the project for improved breeding stock and supplementary feed. Continued provision of credit to a pastoral group is conditional on full repayment by the group, resulting in a credit recovery rate at completion of 89%. The emphasis of the scheme shifted during implementation from breeding stock to providing a larger amount of short-term credit for feed and veterinary services.

#### THAILAND: Agricultural Credit (1980-1985)

The project aimed at expanding the rural credit activities of the Bank for Agriculture and Agricultural Cooperatives (BAAC) and at strengthening cooperatives so they could receive loans. Cooperatives were involved to act as channels for credit to small farmers.

In the late 1970s, the Thai Government embarked on a program to revitalize the old farmers' associations and cooperatives. This project was formulated in this context and aimed to assist BAAC in becoming an apex bank for cooperatives. It was recognized, however, that cooperatives needed strengthening and that, especially during the early stages of the project, credit would also go to individual small farmers.

The project comprised a technical assistance component (to BAAC and cooperative management) and a lending component. The lending component had four categories: (i) on-farm development; (ii) shrimp culture; (iii) oil palm development; and (iv) non-specified lending categories. In the end, most lending fell into the last category, and the others were effectively abandoned. The target recipient group also shifted to mainly individual small farmers.

Over the life of the project, BAAC's lending to cooperatives stabilized at just over the pre-project level. The share of lending to cooperatives in total lending, however, halved, and cooperatives do not feature at all in the follow-up project. A number of reasons may be advanced for the failure to incorporate cooperatives, including:

- o lack of a strong commitment to cooperatives by Government;
- o the higher interest rate charged to small farmers compared to cooperatives discouraged BAAC from lending to the latter; and
- o the disappointing results of the cooperative restructuring component.

ZAIRE: Ituri Livestock Development (1977-1983)

The project aimed at promoting the production and marketing of cattle in the Ituri subregion of Haut-Zaire. NGOs were involved to ensure beneficiary participation and enhance prospects for sustainability. This project was followed by the Zaire North East Rural Development Project, which is included in Annex 3 as a new case (see Annex 3, p. 7).

The project was the second livestock development project in Zaire, but the first targeting the traditional sector. Cattle production is the most important animal husbandry activity, with some 80% (450,000 heads) of traditional herds being in Haut Zaire and Kivu. The project aimed to support livestock production through the rehabilitation of veterinary services and other government livestock services, renovation of marketing and slaughter facilities, development of three existing commercial ranches, staff training, and provision of technical assistance and studies.

The need for **farmers' associations**, to manage the dips and organize communal grazing, became more apparent during project implementation than it had been at appraisal. The project's management placed a heavy emphasis on this activity, and extension staff vigorously promoted the formation of groups, which have become known as "**Promotion pour la Defense de l'Eleavage**" (PRODEL). By 1979, 50 associations had been established with 7,000 members. The main attractions to producers were improved access to veterinary services and a focus on efforts to resist appropriation of communal lands. A June 1981 decision by the subregional commissioner required all Ituri livestock producers to be members of a PRODEL. At project completion, there were 117 PRODELS, with a total of 14,000 members (about 90% of all producers).

Each PRODEL is organized around a veterinary dispensary which it will, in time, take over from the Ituri Project Unit. The PRODELS are also responsible for representing the interests of livestock producers at all levels in the subregion, the maintaining dips, and managing of communal pastures.

In 1979 a federation of PRODELS was formed under the name **Association des Cooperatives d'Eleveurs de l'Ituri (ACOOPELI)**. ACOOPELI's main function is to procure veterinary and other livestock products for the PRODELS. ACOOPELI also runs three livestock breeding stations under the project. (The planned incorporation of the three commercial ranches did not occur as the livestock parastatal, ONDE, failed to obtain ownership). Responsibility for the running of the Bunia abattoir has been transferred from ONDE to ACOOPELI. The abattoir is now functioning but significantly under capacity, because of the shortage of transport facilities to evacuate the meat from Ituri.

The extent and significance of the PRODELS were not anticipated at appraisal, but have greatly improved project performance. The formation of ACOOPELI, also unanticipated, has also been critical, especially in the distribution of inputs in the project area. However, sustainability remains an issue. Many PRODELS, especially the smaller ones, remain weak.

ACOOPELI continues to be dependent upon CIDA technical assistance and foreign exchange. These issues are being addressed in a follow-up project.

Education:

BOLIVIA: First Education and Vocational Training (1977-1987)

This first education project in Bolivia aimed to expand and strengthen basic education and to increase capacities in vocational training. NGOs were involved to improve project design and impact. The project soon ran into difficulties, caused by the worsening economic situation and management weaknesses. Attempts to strengthen basic education were further thwarted by the lack of an information campaign to make the rural population aware of the project's aims. To overcome some of these difficulties, the Project Unit was reorganized two years into the project. The design of this reorganization was undertaken by a commission that included representatives of the Rural Teachers' Federation and the Farmers' Union.



SUMMARY TABLE: RECENT PROJECTS REVIEWED FOR 1988 PROGRESS REPORT

Sector	Country	Project	Page No.*	NGO Type	NGO Involvement	Description
Agriculture and Rural Development	Chad	National Livestock		Grassroots	Beneficiary Group	Formation of pastoral associations based on traditional groupings to assist service delivery.
	India	Second National Dairy	3	National/Grassroots	Implementor/Beneficiary Group	Formation and expansion of national dairy cooperative network, from village to national levels, to give small rural producers access to urban markets. Scheme involves grants and credit to NGOs.
	Malawi	Smallholder Agricultural Credit	4	Grassroots	Beneficiary Group	Credit to be directed to farmers' clubs, to which institutional support is to be given.
	Morocco	Second Small- and Medium-scale Irrigation	5	Grassroots	Beneficiary Group	Water users' associations to be involved in operation and maintenance of irrigation systems. Formation of new associations is encouraged under the project.
	Nepal	Mahakali Irrigation II		Grassroots	Beneficiary Group/Cofinancier	Water users' groups to be involved in project management and operations and maintenance of irrigation system.
	Niger	Small Rural Operations (not yet effective)	6	International Grassroots	Implementor Beneficiary Group	Utilize experience of international NGOs at SRDs in Niger, including working with farmers' groups.
	Philippines	Irrigation Operations Support		Grassroots	Beneficiary Group	Irrigators' associations (both existing and new ones formed under the project) to be involved in operations and maintenance.
	Senegal	Eastern Senegal Rural Development	6	International Grassroots	Implementor Beneficiary Group	AFVP to implement rural health and open well construction. Livestock component to continue work with pastoral associations and crop component to work with farmers' groups.
	Togo	Grassroots Development Initiatives (not yet effective)	8	International National	Implementor/Beneficiary Group Design/Implementor/Beneficiary Group	Follow-up project to "Togo Initiative" will provide credit to support community-based projects designed and implemented by NGOs. NGO association, FONGTO, helped in design and, along with Gov't NGO unit, will be strengthened under the project.
	Uganda	Southwest Region Agricultural Rehabilitation		Grassroots	Beneficiary Group/Implementor	Cooperatives, and women's and other community groups to be involved in distribution of agricultural inputs.
Zaire	North East Rural Development	9	National Grassroots	Implementor Beneficiary Group	Livestock component builds on earlier project. Similar model extended to fishing coops on pilot basis.	

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Key: \* Page number of case description if project is included in this annex.  
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SUMMARY TABLE: RECENT PROJECTS REVIEWED FOR 1988 PROGRESS REPORT

Sector	Country	Project	Page No.*	NGO Type	NGO Involvement	Description
Population and Human Resources -----	Brazil	Northeast Endemic Disease Control		Grassroots	Beneficiary Group	Community groups used in community mobilization.
	Burundi	Population and Health		International National Grassroots	Implementor Implementor Beneficiary Group	Religious missions, coordinated by CARITAS, involved in implementing primary health component. Traditional structures to be utilized in health education.
	CAR	Education Rehabilitation and Development		Grassroots	Cofinancier	Parents' associations to contribute local materials and labor in cash or kind.
	Kenya	Third Population	10	National	Implementor	NGOs (church and women's groups and family planning associations) involved in implementation.
	Sri Lanka	Health and Family Planning	12	International National	Implementor Implementor	NGOs responsible for training, education and contraceptive distribution activities.
Small-Scale Enterprise -----	Burundi	Small Enterprise Apex	14	National Grassroots	Implementor Beneficiary Group	Chamber of Commerce and Industry to be responsible for entrepreneurship development. Institutional support to enable savings coops to be eligible for funds through Central Bank.
Environment -----	Brazil	Itaparica Resettlement and Irrigation	14	Grassroots	Beneficiary Group	Rural Workers' Union and local church groups represented beneficiary interests in resettlement program, and involved OXFAM and U.S. environmental groups in the issue.
	Indonesia	Forestry Institutions and Conservation		Grassroots	Beneficiary Group	Traditional groups participating in Community Forestry subcomponent.
Adjustment-related -----	Bolivia	Second Emergency Social Fund	15	International National Grassroots	Implementor Implementor Beneficiary Group	Wide range of national and international NGOs working in social emergency projects, often involving community groups.
	Ghana	PAMSCAD	17	International National Grassroots	Design/ Implementor Design/ Implementor Beneficiary Group	NGOs involved in consultative meetings on project design and now implementing social sector projects.

Key: \* Page number of case description if project is included in this annex.

CASE DESCRIPTIONS OF BANK-NGO OPERATIONAL COLLABORATIONRECENT CASESAgriculture and Rural Development:INDIA: Second National Dairy (1988-1994)

The aim of the project is the continued development of the dairy industry by creating viable, private sector-oriented, farmer-owned cooperatives. NGOs are involved to incorporate milch cattle owners into cooperative production support and milk distribution networks.

Agriculture employs about two-thirds of India's labor force and accounts for 37% of GNP. About 18% of this agricultural output comes from the livestock subsector, with two-thirds of this value being from milk production. Nearly half of all rural households own milch animals; 21% of milch owning households are landless, and a further 30% are marginal farmers with holdings of less than 2.5 ha. Participation in the production of milk for the market provides a means of raising the income of the poorer sections of the rural community, disadvantaged social classes and women.

The project supports the expansion of the national dairy cooperative program, which has its roots in the formation of the Anand Milk Union Ltd. (AMUL) by a group of producers in Gujarat in 1946. AMUL succeeded in giving its members access to the growing Bombay market and now involves some 365,000 families. The AMUL model has been replicated by "Operation Flood" (OF) on a nation-wide scale. OF organizes rural producers into a cooperative network that gives them access to urban markets. This program of development has been coordinated by two government bodies: the National Dairy Development Board (NDDB) and the Indian Dairy Corporation (IDC). The OF network currently supplies about 20% of the milk consumed in urban areas.

OF has a four-tier structure starting with village-level **Dairy Cooperative Societies (DCSs)** of 80 to 150 members. The DCSs collect milk and supply inputs and basic veterinary services. Groups of about 280 DCSs are formed into a **Milk Producers' Union (MPU)**, which operates dairy facilities, organizes distribution to urban centres and provides technical and advisory services. Within each state the MPUs are members of a **Federation**, which may also operate dairy facilities and is responsible for aggregate planning of the cooperative sector at the state level. Overall coordination and policy making of the Federations are the responsibility of the **National Cooperative Dairy Federation of India (NCDFI)**.

The project is to support the third phase of OF, which aims to expand the dairy cooperative program, while increasing efficiency within the existing system. The project objectives are to: (i) undertake, under the auspices of NDDB, adjustment of existing cooperative structures to the OF model; (ii) improve financial viability of both NDDB and the individual cooperatives; (iii) strengthen management of NDDB and cooperative structures; and (iv) enhance animal productivity.

The cooperative development subcomponent will establish about 23,000 DCSs (of which approximately 35% will be achieved through the conversion of existing traditional societies) under about 20 new MPUs, and further strengthen and expand the existing 47,000 DCSs. Each new DCS will receive a grant of about Rs. 11,700 (US\$870). MPUs and Federations will be provided a combination of credit and grant funding for establishment and expansion of infrastructure. Establishment of milk sheds will be assisted by "spearhead teams," trained by NDDB and employed by the Federation/MPUs. The teams will promote the "cooperative ideal" and identify villages interested in forming a DCS.

A further two million households are expected to be incorporated in the dairy cooperatives. Cooperative milk supply is expected to increase by some 10% per annum through a combination of increased dairy processing and marketing infrastructure and improved production enhancement services (extensions, veterinary services, genetic improvement, production and usage of cattle feed and promotion of green fodder production).

#### MALAWI: Smallholder Agricultural Credit (1988-1994)

The project aims at transforming Malawi's smallholder credit system into a better-managed, more efficient, and financially viable national credit delivery system that will benefit a significantly greater number of smallholders than the present system. NGOs are involved to assist in broadening the scope of a credit system while retaining a high level of repayments.

Malawi is heavily dependent upon its agricultural sector, which supports about 85% of its population (and, in 1986, accounted for 37% of total GDP and 91% of exports). There are two distinct subsectors: estates and smallholders. The latter comprises 1.3 million smallholder families who produce about 85% of the country's total food supply. Government support to smallholders is implemented through the National Rural Development Program (NRDP), which aims at raising smallholder productivity through the provision of agricultural inputs and increasing the scope and efficiency of extension, marketing and credit services. Under NRDP, Malawi is divided into eight ecologically similar Agricultural Development Divisions (ADDs), which are further divided into 30 Rural Development Projects.

The ADDs are responsible for managing credit operations, which account for about 90% of the credit channeled to smallholders who do not benefit from commercial lending. The main form of borrowing is seasonal credit to **farmers' clubs**. Since group responsibility for repayment has proven very effective in ensuring a high level of repayments, individual borrowing is discouraged by high interest rates. In FY 1985/86, MK 17.4 million (US\$7.5 million) was lent to 8,225 clubs and reached 207,500 borrowers. Nevertheless, the smallest farmers have apparently benefited the least from this credit scheme. The two main reasons for this are that (i) relatively large farmers have excluded them from clubs as perceived higher risks; and (ii) much fewer smaller farmers (holdings of less than one ha.) had contact with the extension service, and hence access to credit than larger farmers.

The project will support the creation of the Smallholder Agricultural Credit Administration (SACA) within the Ministry of Agriculture which will be responsible for managing, at the national level, the Smallholder Credit Fund (SCF). This national consolidation of the various existing smallholder credit schemes is intended as a first step towards the establishment of an independent, viable and sustainable rural financial institution to provide credit to smallholders. Funds will be made available through the project to expand seasonal and medium-term credit operations, with the incremental lending estimated to be US\$8.9 million and US\$2.4 million, respectively.

It is expected that the increase in seasonal credit will enable the number of borrowers to increase to about 400,000 farmers by 1993/94, equivalent to 26% of the total smallholder population. To facilitate this expansion, measures will be taken under the project to strengthen the farmers' club movement and ensure its continued growth, including: (i) administrative, managerial and technical assistance to farmers' clubs; (ii) promotion of new clubs that focus more on the needs of poorer groups and women-headed households; and (iii) encouraging farmers clubs to develop into multiservice organizations. The project will also finance a pilot scheme (based on Bangladesh's Grameen Bank and to be administered by the farmers' clubs) to provide to, and mobilize savings among, the poorest (landless and near-landless) groups.

MOROCCO: Second Small- and Medium-Scale Irrigation (1989-1994)

The project aims at the development of the small- and medium-scale irrigation (SMI) sector. NGOs are involved to ensure beneficiary responsibility for operations and maintenance.

The agricultural sector is of declining importance to the national economy but still provides the livelihood of about 2.2 million people, many of whom are among the poorest in the country. Given the arid environment, irrigation is necessary to the productivity of most agriculture -- about 1.1 million ha. of the estimated 1.3 million irrigable ha. are currently irrigated. Of these, some 60% are SMI schemes, which are distinguished from large-scale schemes by: (i) the large majority being within traditional perimeters where irrigation has been practiced for many years; (ii) smaller in scope; and (iii) lower investment per ha. During the 1980s, Government policy has strongly favored the promotion of SMI, and its agricultural investment has shifted in that direction.

The Second SMI Project is a follow-up to an earlier 1983 project. The new project will build upon the first through two major components: (i) renovation of about 120 traditional irrigation schemes totalling about 32,000 ha., of which nine would be spate irrigation schemes in poorer regions of the country; and (ii) providing equipment for seven spate irrigation repair brigades to work in selected southern provinces. The project will also give technical and financial support to the Government departments responsible for irrigation.

The design of the project emphasizes the importance of **water users' associations (WUAs)**. The formation of WUAs, which will be

responsible for operation and maintenance, will be a prerequisite for a scheme being incorporated into the project. There already exists a strong tradition of organization within the SMI subsector which will facilitate the formation of such groups. Up to 30% of investment costs are expected to be recovered, though small farmers will be exempted from payment through cost recovery agreements between the Government, the Bank and the WUAs.

NIGER: Small Rural Operations (1988-1995) (still to be cleared)

The project aims at developing local capacity to prepare, appraise, execute and evaluate small rural operations. NGOs are involved to ensure beneficiary participation in design, implementation and maintenance of these operations.

Niger's agricultural sector, which accounts for about half of GDP, is constrained by poor agricultural resources and adverse ecological conditions. Following the failure of large-scale agricultural projects, the Government is now diverting its attention to small rural operations (SROs), accompanied by a shift of management responsibility away from parastatals and towards beneficiaries. Upward of 40 NGOs have been implementing SROs for a number of years. A 1985 survey conducted by the Ministry of Planning's Directorate for Regional Development and Microrealisations (DDRM), which was founded in 1984 to coordinate SRO activities, revealed that there were 180 SROs under implementation and a further 220 in various stages of preparation and submission. It is estimated that 80 to 100 SROs are requested per annum. The distribution of SRO-supported activities is irrigation (30%), general agriculture (25%), forestry (20%), animal production and fisheries (10%), and others, including soil conservation (15%).

The project will strengthen the provincial- and district-level staff to enable them to assist farmers in design, preparation and execution of SROs. The formation of a **farmers' group** is a prerequisite for making a request for an SRO. The groups will be expected to contribute unskilled labor and locally available construction materials. They will also be required to make a down payment to a Capital Replacement Account, followed by annual payments if there are medium-term assets, and to reimburse the costs for well building (the funds being used for other investments to benefit those who did not benefit from the initial grant investment). In order to facilitate these requirements being met, the USAID-financed **Cooperative League of the USA (CLUSA)** will provide literacy and management training to the beneficiaries.

The experience in SROs which has been built up by the **international NGOs** will be utilized in ways to be determined by DDRM. These will probably include technical assistance to district staff, execution of SROs, training, and execution of specific studies.

SENEGAL: Eastern Senegal Rural Development (1983-1987)

The project aims to increase agricultural output in the project area through, inter alia, institutional and infrastructural development and support to farmers' associations. NGOs are involved to ensure beneficiary

participation and project sustainability. This project is a follow-up to the Eastern Senegal Livestock Project, which is included in Annex 2 as a completed case (see Annex 2, p. 4).

Some 60% of Senegal's rural population lives in the Groundnut Basin, which makes up only 35% of the country's area. The Government of Senegal has been encouraging some migration to the less densely populated areas of Eastern Senegal.

The Eastern Senegal Rural Development (ESRD) project provides agricultural services in an area of some 43,000 square kilometers in the east of the country. The project's substantial livestock component is a follow-up to the East Senegal Livestock Development Project. As in that earlier project, the main implementing agency of ESRD is SODEFITEX, a commercially oriented, mixed enterprise responsible for cotton development, ginning and marketing in Senegal. Cotton is the major agricultural activity in the region, although cereals, rice, groundnut and livestock production are also important. The project has several components, including (i) institution building (for SODEFITEX, village farmer groups and pastoral associations); (ii) production support (extension services, input supplies etc.) to crop and livestock production; (iii) research; (iv) infrastructure (feeder roads and wells) and (v) primary health care.

NGOs are involved in these activities in three ways:

- o implementation of open wells construction and rehabilitation and the primary health component by the French NGO, **Association Francaise des Volontaires du Progres (AFVP)**;
- o assistance to **village farmers' groups (Associations de Base de Producteurs - ABPs)**; and
- o delivery of livestock services through **pastoral units** and use of pastoralists for delivering **voluntary extension services**.

Since 1976, AFVP has been running a pilot project in village water supply, primary health care and animal health in the ESRD area that has been successful at mobilizing beneficiary support and participation. The ESRD project's approach to primary health - beneficiary construction of health huts, selection of two community members to be trained as rural community nurse and midwife, and flat rate fees for consultations - is based on the AFVP's pilot project, and AFVP has been subcontracted to implement this component. AFVP has also been subcontracted to construct 20, and rehabilitate a further 89, open wells, and to train local people in the operation and maintenance of these wells.

In 1979, SODEFITEX began assisting farmers in organizing village groups to handle credit and marketing. Following the collapse of agricultural credit, SODEFITEX began granting medium-term loans for machinery to the farmers' groups. Increased access to credit, combined with a bumper crop in 1981/82, led to the creation of over 1,000 ABPs. Under the ESRD project, responsibility for primary marketing, credit application and recovery will be transferred to these groups. The project

also aims at increasing their capacity for collective activity, primarily through a functional literacy campaign.

Livestock development activities are separated into two zones. The Northern Zone benefited from the earlier Livestock project with the formation of 53 pastoral units. Grazing plans developed under this project will be more fully implemented during the ESRD project period. Emphasis will be given to increased beneficiary participation, through a continuation of the literacy component from the previous project. In the Southern Zone, the Livestock Department will initiate training of volunteer livestock extension workers and encourage construction of small village veterinary pharmacies with the help of the local population.

TOGO: Grassroots Development Initiatives (1989-93) (still to be cleared)

This project is still under appraisal, but we are including it among these cases because the "Togo Initiative" has been much discussed at past meetings of the Bank-NGO Committee. The "Togo Initiative" was a pilot project that originated in a discussion of the Bank-NGO Committee in 1985. The pilot, which received US\$500,000 from the Bank's Special Project Preparation Facility (SPPF), aimed to establish a flexible institutional framework for tripartite collaboration, while providing direct financial support for NGO operations. A Steering Committee of Government and NGO representatives, with the Bank's Resident Representative in Lome serving in an ex officio capacity, was established, and program administration was assigned to the newly created NGO/Program for Participatory and Local Development (PDLP) Division in the Ministry of Planning and Mines (MPM). Although the intent was to provide for flexible and speedy processing procedures, the administration of the pilot suffered from lengthy bureaucratic delays. In the end, seven NGO projects were assisted under the pilot, with varying success. Two are now complete: an irrigation/dam construction project in Agbelouve, and construction and equipment of a dispensary in Manga.

The proposed, IDA-financed Grassroots Development Initiatives Project (GDIP) builds on experience and lessons learned in the pilot program. The Togolese NGO association, **FONGTO**, which now represents about 80 percent of NGOs operating in Togo, played a key role in its design. The GDIP will provide (i) a line of credit of about US\$2 million to eligible NGOs to support community-based development projects designed and implemented by the NGOs and their beneficiaries; (ii) technical support services to the Steering Committee for review and evaluation of proposals as well as project supervision and monitoring; (iii) assistance to the NGO Division of MPM to strengthen Government liaison with and support to the NGO community; and (iv) assistance to the Togolese NGO association, **FONGTO**, to strengthen NGO coordination and cooperation and to organize a program to reinforce the institutional capacity of individual NGOs to plan, implement, and manage their operations.

Some NGOs think that the Bank moved too fast during the pilot "Togo Initiative" and, in so doing, damaged dynamics within the Togolese NGO community. For this reason, some may still view the GDIP with skepticism. But the project is now wholeheartedly supported by all of the



concerned parties in Togo. The Government has strongly affirmed its commitment to the operation in agreeing to provide IDA funds -- on a grant basis -- to NGOs. Togolese NGOs recognize the opportunity that is being presented by this increased openness on the part of the Government and are seizing upon it to further strengthen their participation in the Togolese national development plan.

ZAIRE: North East Rural Development (1983-1990)

The project aims to increase cattle herders' and farmers' production and incomes through, *inter alia*, strengthening rural development institutions and supporting government efforts to elaborate a more adequate policy framework. NGOs are involved to ensure beneficiary participation and benefit sustainability. This project is a follow-up to the Ituri Livestock Development Project, which is included in Annex 2 as a completed case (see Annex 2, p. 6).

Agriculture supports 70 to 75% of Zaire's working population and accounts for about 30% of GDP. Livestock contributes significantly, the most important livestock subsector being the cattle herd, estimated at 1.2 million head in 1980. Nearly two thirds of the herd are in the traditional sector.

The Zaire North East Rural Development (NERD) Project is a follow-up to the earlier Ituri Livestock Development Project, which was the first in Zaire to concentrate on the traditional sector. The Ituri region of Haut Zaire is the home of about one third of the national cattle herd, being almost exclusively owned by traditional pastoralists. Of 300,000 farm families in the region, some 18,000 own cattle. Project components benefiting the livestock sector include: (i) rehabilitation of veterinary and animal production services; (ii) studies of livestock and other sectors (e.g. fisheries); and (iii) technical assistance to the Ituri Project Unit (Bureau du Projet Ituri - BPI) and **Association des Cooperatives d'Eleveurs de Ituri (ACOOPELI)**. To expand the scope of this project, components have also been included to benefit crop growers.

The creation of ACOOPELI in 1979 as an apex cooperative for local **pastoral associations (Promotion Pour la Defense de l'Elevage - PRODELs)**, was an unforeseen consequence of the earlier Ituri project. The livestock parastatal, ONDE, had failed to implement its components, and management of the Bunia abattoir was transferred to ACOOPELI. ACOOPELI has proved to be effective in obtaining beneficiary participation in project decision-making and in channeling services to PRODELs. Both ACOOPELI and the PRODELs are registered nonprofit organizations, and ACOOPELI is also now a member of ANZE, the national business association, which entitles it to an allocation of foreign exchange.

ACOOPELI is thus playing a key role in the implementation of the current livestock production support component. It will also continue to manage the three livestock stations under its responsibility from the first project. Its activities in this project include distribution of veterinary drugs to PRODELs at cost, producing seed for reseeding fallow land, keeping of improved breeding bulls, and a pilot credit scheme.

ACOOPELI is now financially distinct from BPI but still dependent upon CIDA-financed veterinary drug supplies. Revenue from the sale of these drugs and membership fees from PRODELS (who, in turn, charge their members about US\$0.10 per cattle head) should eventually allow ACOOPELI to become financially independent. Currently, however, slow payment of membership fees and unsatisfactory credit reimbursement from PRODELS has exacerbated the weak financial situation. It is anticipated that the organization will contribute US\$ 1 million of local project costs.

About 90% of Ituri livestock producers are members of a PRODEL: at the start of the project there were 117 PRODELS, with 14,000 members. The objectives of these associations are to: (i) represent members' interests at all levels; (ii) provide livestock and veterinary products to members; (iii) maintain and manage dips; and (iv) develop and manage communal pastures. The infrastructure component of the project will facilitate access to PRODEL dips and warehouses for easier inputs delivery. Both ACOOPELI and PRODEL members will also receive training through the project.

ACOOPELI will also be involved in project activities benefiting crop growers and fishermen. Food crop seeds will be developed on ACOOPELI's livestock stations. And, study funds will be allocated to explore the development of cooperative fisheries on Lake Mobutu. Three such coops have already joined ACOOPELI and been provided with a limited amount of equipment.

### Population and Human Resources:

#### KENYA: Third Population (1989-1992)

The project aims at promoting demand for and supply of family

At 4.1%, Kenya's population growth rate, largely the result of health improvements leading to reduced infant and child mortality, is one of the highest in the world. This high rate prompted the Government to adopt in 1967 the first national Family Planning (FP) program in sub-Saharan Africa. This had been preceded, however, by voluntary efforts since the 1950s, which had resulted in the creation of the **Family Planning Association of Kenya (FPAK)** in 1961. Since that time, NGOs have continued to play an important role in FP activities in Kenya.

The continuing high population growth rate led to the formulation of a FP Five-Year Program (1975-79), which was supported by IDA's first Population Project in sub-Saharan Africa. The Program failed to meet its targets, because of both institutional weaknesses and, more importantly, the underestimation of the importance of demand generation. Thus, the Second Population Project supported by IDA, the Integrated Rural Health and Family Planning Project (IRHFP), which began in 1982, placed a large emphasis on the provision of information, education and communication (IEC) through Government and NGOs. Some measure of the success of this approach may be seen by the increase in the contraceptive prevalence rate from 6% in 1977 to 10% in 1984 - though rates as high as 35% have been achieved by Kenyan NGOs in pilot projects.

Also in 1982, the Government formed the National Council for Population and Development (NCPD) in the Office of the Vice President and the Ministry of Home Affairs to coordinate the IEC efforts of different ministries and NGOs. In 1984, the NCPD's mandate was expanded to include population policy formulation and evaluation, and IEC activities funded by NCPD and implemented by indigenous NGOs became operational. These activities complemented those being carried out by Government ministries, in particular the Ministry of Information and Broadcasting; however, inadequate coordination of activities became problematic.

Government plays a more dominant role in the supply of contraceptive devices, with the Ministry of Health accounting for 58% of supply. FPAK are the next most important suppliers (27%), followed by private groups (8%) and churches (6%).

The Third Population Project will promote the demand for and supply of FP services by mobilizing and coordinating the resources of both Government ministries and NGOs. This will be achieved in part by a subcomponent to strengthen NCPD, but there will also be direct support to Government and NGO IEC activities. Supply will be improved through the expansion of Ministry of Health facilities and the establishment and rehabilitation of clinics operated by FPAK and the **Christian Health Association of Kenya (CHAK)**.

More specifically the NGO component will assist six NGOs:

- o From the third year of the project the **Kenya Catholic Secretariat (KCS)** will receive funds to continue IEC activities currently funded under the IRHFP project. This funding, which will cover costs of the national and regional offices and teachers' salaries and teaching expenses, will supplement that already received from USAID. The teachers will train volunteer teachers who are, in turn, expected to reach 200,000 clients.
- o The **National Council of Churches of Kenya (NCCK)** will also receive funding to continue activities started under the IRHFP project. These funds shall go to office costs and the production of IEC materials and to support the Council's seminar and counseling program. Under this subcomponent, NCCK will train 5,040 church affiliated participants, 2,250 volunteer motivators, 1,260 church elders, 1,260 youth leaders, 9,300 men, women and youth coordinators, 1,680 women volunteer motivators and 840 evangelists.
- o **Maendeleo Ya Wanawake Organisation (MYWO)**, the largest women's group in Kenya, has experience in community-based distribution (CBD) of contraceptives and in training women's groups in maternal and child health (MCH), FP and CBD. This subcomponent will support the expansion of MYWO's training program. **Women's groups** that have been trained by MYWO (having first been selected by the District Family Planning

and Population Committee) will be eligible for NCPD funding for MCH/FP and CBD activities.

- o Support will be provided to FPAK both to continue its IEC activities and to enhance its delivery capacity through establishment and support of four new and two renovated full service and 24 outreach FP clinics. FPAK will also initiate pilot CBD programs.
- o CHAK activities started under the IRHFP project will receive funding for expansion. Service delivery will be improved through the upgrading of about 20 existing CHAK dispensary facilities. Funds will also be provided to assist CHAK's clinics and its teachers' training program in family life education, which will reach an estimated 640,000 students over a 10-year period.
- o This subcomponent will support the **Kenya National Union of Teachers (KNUT)** in its efforts to use the **Parent Teacher Association (PTA)** structure to organize in-service seminars and courses on population education for teachers on a voluntary basis. The responsible project unit will receive funding support for equipment and IEC materials. An estimated 53,000 students may be reached through this mechanism.

In addition to the above activities this project contains two innovative subcomponents involving NGOs. The first is the provision of US\$500,000 in unallocated funds to support promising new initiatives by NGOs. The second is to finance a study by NCPD on NGO financing and other critical factors for sustainability and organizational capacity. It is thus hoped to reduce the current dependence of Kenyan NGOs on NCPD for funding for their FP activities.

#### SRI LANKA: Health and Family Planning (1989-1995)

The project aims to strengthen planning and delivery of health and family planning services. NGOs are involved to assist in strategy development and delivery of those services.

Sri Lanka's Health and Family Planning Indicators rival those of many middle-income countries. The population growth rate, for example, has been virtually stable at 2% for many years. However, demographic conditions suggest that an undesirable increase may soon occur, thus intensifying the problem of achieving a satisfactory rate of employment creation.

NGOs are heavily involved in certain areas of family planning (FP) activities -- accounting for just under 20% of contraceptive supply (the remainder being from the Ministry of Health). The overall strategy for FP is the responsibility of the Population Division of the Ministry of Plan Implementation (MOPI), which also coordinates Government and NGO activity. While FP activities have been successful -- the contraceptive prevalence rate has increased from 32% in 1975 to above 60% in 1987 -- there are

constraints on further development. The most pressing area is the efficient implementation of a coherent strategy for demand generation among the currently unreached sectors of the population (especially estate workers and settlers in the newly opened Mahaweli area) and the provision of services to meet this potential demand.

The FP component of the project comprises three subcomponents, each involving NGOs: (i) population strategy development; (ii) improving service delivery; and (iii) demand generation through information, education and communication (IEC).

Both strategy development and service delivery will be reviewed and updated through a series of annual workshops (two in the first year on service delivery) for senior Government personnel and NGO representatives. Service delivery will also be improved by the expansion of two clinics run by a voluntary agency, **Community Development Services (CDS)**, and the provision and recurrent financing of two minibuses to serve as mobile clinics.

The largest FP subcomponent will support IEC activities, which have declined since the ending of a UNFPA project. An IEC Steering Committee, with members from Government and NGOs, has been set up to oversee (plan and coordinate) the expansion of these activities. The project will further support the reinvigoration of IEC by:

- o The IEC Unit in MOPI's Population Division will distribute existing materials, and, in accordance with guidelines set by the annual workshops, new materials will be developed, pretested and produced under contract with local NGOs.
- o Training will be provided by **Worldview International Foundation** to 5,000 Ministry of Health and NGO workers in audio-visual techniques under IEC Unit contract.
- o Support will be given to the **Family Planning Association of Sri Lanka (FPASL)**, which has a successful history of rural outreach through village volunteers. Funds will be made available to FPASL for equipment, salaries and other operating costs to expand its operations in this field. The organization will also receive financing specifically for a program in the Mahaweli area.
- o Equipment and incremental operating funds will be provided to the **Sri Lanka Association for Voluntary Surgical Contraception** for its FP counseling services at Ministry of Health hospitals.

**Small-Scale Enterprise:****BURUNDI: Small Enterprise Apex (1988-1994)**

The project aims at the strengthening of financial intermediaries to increase their role in productive investments and at the promotion of small-scale enterprises. NGOs are involved to assist in channeling funds to microenterprises and artisans and in entrepreneurship development.

The severe constraints on agricultural development in Burundi have led the Government to identify the industrial sector as a primary motor for employment creation. Given the lack of natural resources, the level of skills development and the more labor-intensive nature of small-scale production, the promotion of small-scale enterprises (SSEs) has been identified as an important part of the industrial development effort. The project seeks, inter alia, to develop Burundi's little supported microenterprise sector. NGOs are involved in two ways.

Under the credit component of the project, the Project Management Unit (PMU) of the Central Bank shall act as an apex organization through which funds will be channeled to commercial banks and development banks for loans to SSEs. In 1984, a network of **savings and credit cooperatives (COOPEC)** was established with French technical assistance which has since grown rapidly. COOPEC is not accredited with the Central Bank and will thus not be eligible for the funds. However, the project will fund an action program to allow the Government to prepare the necessary legislation regulating savings and credit cooperatives to allow them to benefit from a follow-up project. Once accredited, COOPEC will be the principal agent in reaching artisans and small rural enterprises.

The **Burundi Chamber of Commerce and Industry (CCI)** used to represent a narrow spectrum of larger enterprises, mostly based in Bujumbura. However, in 1987 the Government gave the Chamber the mandate to represent the whole business community. In conjunction with UNIDO and USAID assistance, a Small Enterprise Bureau will be created at CCI, which will be entrusted with carrying out an USAID-sponsored Entrepreneurship Development Program. Under this pilot program, the Bureau will conduct research into the prerequisites for a successful small business in Burundi and related training. The Bureau would also, drawing where necessary on external assistance provided by the project, provide support services to the design and implementation of subprojects by local entrepreneurs.

**Environment:****BRAZIL: Itaparica Resettlement and Irrigation (1987-1993)**

The project aims at resettling approximately 8,100 families who will be displaced by the flooding of the reservoir of the Itaparica Hydropower Project on the Sao Francisco River. NGOs are involved to help ensure participation of, and adequate compensation for, resettled families.

Preparation of a recent power sector loan to Brazil included a review of social and environmental impacts. This review found critical delays in the planning and preparation of some 8,100 families residing in the area of the future Itaparica Reservoir, scheduled to be filled in early 1988. The **Rural Workers' Union** and local church leaders were protesting the closing of the dam, and they involved **OXFAM** and U.S. **environmental groups** in the issue. Disbursements of the first and second tranches of the Bank's power sector loan were conditioned upon submission of a satisfactory resettlement plan for Itaparica and satisfactory process in implementation.

Due to sparse and irregular rainfall in the vicinity around the reservoir and pluriannual droughts, settlement will have to be based on irrigated farming. Suitable soils for irrigation are however limited, and less than half of the rural population can be resettled near the future lakeshore. The rest will have to be moved to irrigation perimeters up to 270 kms. away. The areas chosen for resettlement are only sparsely populated; some 400 families presently living in these areas will also benefit from the resettlement scheme.

The agency undertaking resettlement, the Sao Francisco Valley Hydroelectric Company (CHESF), consulted with the Rural Workers' Union, as representatives of those to be resettled, over the procedures to be followed. The agreement reached between the two included:

- o housing, water supply and livestock reception areas be in place before physical transfer;
- o full understanding by families of the option of either cash compensation or resettlement; and
- o joint resettlement of community/neighborhood/family groups.

During these negotiations, the Rural Workers' Union was able to improve the offers being made with regard to the size of housing units and wages to be paid under the guaranteed employment program (for which a member of each family will be eligible up to nine months after the start of irrigation services to their plot).

The production support activities of the project will encourage the formation of, and give organizational support to, **farmers' associations**.

### Structural Adjustment-Related Projects:

#### BOLIVIA: Second Emergency Social Fund (1987-89)

The project aims at alleviating the increased poverty caused by recession and adjustment. NGOs are involved to ensure that the poor are reached by the project's subcomponents.

By the early 1980s, Bolivia was in the midst of a severe economic crisis: per capita income had declined by one third over the period

1980-86 to \$540, and inflation had reached 24,000% over the twelve months preceding August 1985. In that month, the new Government responded by introducing the New Economic Policy, which sought to rectify the existing imbalances and lay foundations for sustained growth. In 1987 GDP finally reversed its downward trend, to grow by at least 1.5%, and inflation in the twelve months up to November of that year was only 10%.

The social costs of the economic collapse and austerity measures had nevertheless been high, and the Government began focusing on the worsening welfare situation. It was apparent, however, that existing responsible ministries lacked the skills, budget and managerial capacity required for the task. The weakness of these institutions had led NGOs to play prominent prominent roles in welfare work in Bolivia, providing, for example, 60% of all non-traditional health care.

In November 1986, the Government restructured the Emergency Social Fund (ESF), founded the previous year. It was made into an independent institution, reporting directly to the President, and responsible for administering grant finance to small-scale employment and income-generating projects and social assistance programs. The intended beneficiaries of the ESF-supported projects would be those hardest hit by the economic crisis, who were seen to fall into three groups:

- o those (miners) who had been recently made unemployed;
- o families of the unemployed and those whose livelihoods depended indirectly on mining (e.g., small farmers near mining towns); and
- o those whose nutrition and health had fallen to a critical level, mainly the rural poor, women, and pre-school children.

Targeting of these groups is being achieved through specific mechanisms in the project's design, such as social assistance projects giving preference to mothers and children, or priority being given to the poorest geographical areas and those with the highest unemployment.

ESF is involved in the promotion and appraisal of projects, all of which are approved by a Board comprising the President of the Republic as chairman, the executive director of ESF, and three members representing the technical community and nongovernmental social institutions.

Project identification is the responsibility of implementing groups, which include dozens of cooperatives, church groups and other NGOs as well as local governments. ESF provides these groups with support through its outreach ("Promocion") unit, which holds seminars to explain ESF's objectives and methods of operating.

Where technical capacity is deemed to be lacking in a sponsoring agency, assistance is given by a Government department or well established NGO. **Save the Children**, for example, is carrying out a series of projects in Inquisivi province in which the communities themselves repair primary schools, make wooden school desks, provide school breakfasts, run



vocational training and operate vaccination programs and nutrition classes for rural mothers -- all in coordination with local representatives of relevant ministries and under the supervision of another NGO.

To ensure that the projects are sustainable, ESF requires that sponsoring agencies apply the same cost recovery practices as in any of their other projects. Cost recovery is explicitly required in the subproject contracts for housing, street paving, water supply, and sewerage projects. Certain health care services also entail partial cost recovery, commensurate with the purchasing power of the low-income population. Technical assistance is also to be provided through projects to community groups to assist in organizing and operating funds to finance water supply and sewerage systems and irrigation canals.

It is expected that ESF will provide US\$130-180 million in financing over its three-year existence (1987-89). Of this target, US\$112.4 million has been raised to date (including a first IDA credit of US\$10 million). By September 1988, US\$92.3 million had been committed to 1,232 projects, with US\$36.3 million already disbursed. IDA's Second Emergency Social Fund Project contributed a further \$US27 million. 20,862 people are working on ESF projects, and committed projects would create 361,300 man-months of employment.

#### GHANA: Programme to Mitigate the Social Costs of Adjustment

The Ghanaian economy declined drastically during the 1970s: from 1970 to 1982, for example, real income per capita and imports fell by a third, and real export earnings by 52%. Inflation averaged 44% during the period, and at times reached three digit figures. The economic crisis was exacerbated by falling gold and cocoa prices, poor economic management, and the migration of 2 million people to the cities which led to declining agricultural output.

The Government launched its Economic Recovery Programme (ERP) in April 1983. ERP I concentrated on stabilization through (i) devaluation and adjustment of prices to reflect the new exchange rate; and (ii) fiscal and monetary discipline, including containment of recurrent expenditures. ERP II (1987-89) aimed to consolidate the gains achieved from stabilization and adjust for growth by strengthening incentives through increased liberalization and restructuring state expenditures (for example, reform of public enterprises and better structure of public social expenditures).

In the medium- to long-term, the poor can be expected to gain from the resulting increase in growth, especially in the agricultural sector, promoting employment and other trickle-down effects, and from the social development that will be supported by sustained growth. Even in the short-term, they will benefit from the redirection of social and other public expenditures. But it will take time for these benefits to materialize, and the poor will have to bear some of the costs of adjustment through:

- o price changes (initially, because of external factors, price of maize actually fell, but recent scarcity has fuelled inflation); and

- o a worsening employment situation from (i) retrenchment of 45,000 public sector workers and 20,000 state employees; (ii) unemployment from previously protected private sector enterprises; and (iii) return of 1 million from Nigeria from 1983-85.

To protect the poor during this period of adjustment, the Government launched a Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). The idea for PAMSCAD arose out of Government/UNICEF discussions in 1985 and won support among donors at a Consultative Group meeting in Paris in May 1987. The Government invited a multisector agency mission led by the Bank (comprising IFAD, ILO, UNDP, UK ODA, UNICEF, WFP and WHO) to design an innovative approach to mitigating the social costs of adjustment that would:

- o protect vulnerable groups from the social costs of adjustment;
- o shift the emphasis from stabilization to adjustment for growth; and
- o promote political acceptability of ERP.

The poverty groups identified as the most vulnerable were rural households, especially in the north and upper regions; the low-income urban un/underemployed; and retrenched workers. The first two of these, at least, would require supplementary nutrition, in addition to raising productivity in long term.

The Government set up a Social Sector Task Force to execute PAMSCAD. The Task Force determined that subprojects qualifying for funding under PAMSCAD had to meet the following criteria: (i) a strong poverty focus; (ii) would yield high social and/or economic rates of return (or cost effectiveness where this can not be calculated); (iii) made modest demands on implementing institutions (could be quickly and easily implemented, and would not create unsustainable recurrent obligations); and (iv) projected high visibility to enhance the political and popular sustainability of the adjustment program. NGO participation was also seen as a key ingredient in the successful implementation of the components.

In line with these criteria, three main sectors (increasing community initiative, generating employment, and providing basic services to the poor in health, shelter, nutrition and education) were identified as priority areas for investment. One of the two Bank people working on the program, a consultant from a U.S. NGO, **Planning Assistance**, devoted his efforts solely to canvassing NGOs for their support at an early stage in the program's preparation and to helping NGOs prepare proposals for inclusion under the PAMSCAD umbrella. Ultimately, a portfolio of 23 subprojects was selected. Many of these components were amenable to NGO participation, involving grassroot infrastructure projects, nonformal education, rural health and sanitation, supplementary feeding in nutrition rehabilitation centers, training and job creation for redeployed civil servants, and food-for-work programs. The **Adventist Development Relief Association**, for example, in conjunction with a Ghanaian NGO, **Amasachina**,

is to be involved in a US\$2.6 million food-for-work project in northern Ghana for the rural poor. In another subproject for a US\$2 million credit scheme for small-scale enterprises, NGOs operating in the informal sector will assist entrepreneurs in preparing feasibility studies to apply for the credit and in follow-up assistance for purchasing, financing and marketing.

Estimated total cost of PAMSCAD was US\$83.6 million -- all of which was to be financed by additional donor funds. A donors' conference in February 1988 resulted in financial commitments by international and bilateral donors of some US\$85 million. Over a dozen international and Ghanaian NGOs were invited by the Government to participate in the conference to gain their support for PAMSCAD. One of the NGOs in attendance, **Misereor**, expressed concern that only one Ghanaian NGO was present and that NGOs had not been involved early enough in the program's preparation.

The Bank's resident mission in Accra has since been maintaining close contact with the **Ghana Association of Private Voluntary Organizations in Development (GAPVOD)**. In May 1988, GAPVOD, with Bank assistance and Government support, organized a workshop to encourage NGOs to help in the PAMSCAD implementation. In addition, GAPVOD has agreed to coordinate and monitor future PAMSCAD activities involving NGOs. The Bank has identified and sought active participation of NGOs in Ghana in other operational areas, notably in the development of support programs for small-scale enterprises, agricultural extension services, rural finance, rural forestry management and community development.

M E M O R A N D U M

To: NGO Working Group on the World Bank

From: Ma. Elena Agüero de Araneo, NGO Liaison Officer

Date: 25 October 1988

Subject: Draft Progress Report (to be reviewed and finalized prior to the full Committee meeting of 1 November 1988. Please make sure your observations are presented to the NGO Liaison Officer before 1700 hours on Monday, 31 October 1988.)

As you will recall, during the last full Committee meeting held in Santo Domingo, Dominican Republic, in November 1987, it was agreed that all NGO members of the Committee would provide the Secretariat with a list of activities planned or organized to promote and facilitate Bank-NGO consultations at the national and regional levels, and in support of the "Consensus Conclusions" of the Santo Domingo meetings. An NGO Progress Report would then be drafted by the Secretariat on the basis of this information.

The present report, therefore, summarizes the initiatives taken by the NGO members of the Bank-NGO Committee during the last year.

Aga Khan Foundation (AKF)

1. Feasibility study on the creation of an NGO Resource Centre in Pakistan, aimed at strengthening indigenous NGO's. A recommendation to fund the establishment of such a centre has been made to the AKF Board.
2. The methodology developed by the AKF Rural Support Programme (AKFRSP) in northern Pakistan is being used by an IFAD-funded project in Chitral and is expected to be used in another private sector project presently under preparation for a consortium of donors led by USAID. The AKFRSP Project Manager presented a paper on the programme at a rural development seminar sponsored by the World Bank in Paris last February. It is hoped that the AKFRSP can be incorporated in rural development projects of other NGO's in the Sub-continent.
3. AKF funded a Kenyan educational researcher monitoring the impact of a project to introduce micro-computers in secondary education in Kenya. This researcher presented a paper on this topic to the World Bank's Economic Development Institute last spring.
4. The World Bank sought AKF assistance in organising a national workshop, in Pakistan, focussing on innovative teacher development and school construction programmes pioneered by AKF in northern Pakistan.
5. The World Bank has expressed interest in sharing the self-help school construction and technology pioneered by AKF in northern Pakistan.

American Council for Voluntary International Action (InterAction)

1. Through Monday Developments, InterAction's biweekly publication, reported on the Santo Domingo meetings, the "Consensus Conclusions", Mr. Moeen Qureshi's speech to SDI, and the list of World Bank projects with potential for NGO involvement..
2. Participated in the two special groups created within the NGO Working Group to comment on the Bank's paper on "Sustainable Growth with Equity in Sub-Saharan Africa" and on the draft Operational Manual Statement.
3. Invited Alexander Shakow and Michael Carter to address the InterAction Executive committee in November 1987. This constituted an "informal" consultation between the Bank and the 20 CEOs present at the last meeting.
4. Commented on Michael Cernea's paper "Non-governmental Organizations and Local Development".
5. The World Bank sponsored the participation of four(4) African NGO representatives to Interaction's Annual Forum in May 1988. After the meeting, 13 of the African NGO representatives present met with World Bank officials, including their respective desk officers.
6. Various meetings were held between Interaction and SPRIE staff to explore how the World Bank could use NGO's more effectively and how to forward the North/South partnership.
7. Interaction is a member of the NGO/World Bank Oversight Committee.

Association of Voluntary Agencies for Rural Development (AVARD)

1. Made early contact with the World Bank Resident Representative in New Delhi, informing him of the results of the Santo Domingo meetings, and of the Consensus Conclusions.
2. Together with the World Bank office in New Delhi worked towards setting up a World Bank/NGO Committee at the national level aimed at:
  - facilitating regular dialogue/consultations between the Bank and Indian NGOs;
  - facilitating NGO inputs particularly regarding the expected impact of projects in terms of poverty alleviation;
  - assisting the Bank in identifying local NGOs that could participate in the implementation and monitoring of Bank projects.
3. Organized a number of meetings between resident Bank staff in New Delhi and the representatives of selected NGO's to discuss the organization and eventual implementation of no. 2 above.

4. The first meeting of the World Bank-NGO Consultation Committee (India) was held in October 1988. Resident Bank staff in India, as well as staff from headquarters met with fifteen (15) NGO representatives (See Annex) from a wide spectrum of interest groups.

Modalities for continued dialogue and consultation were worked out, including the frequency of future meetings, contacts between grassroots NGOs and Bank missions at different stages of the project cycle, and according to the specific areas or issues of concern.

Bangladesh Rural Advancement Committee (BRAC)

1. Involved in discussions regarding the articulation of the Government of Bangladesh's policy towards NGOs and the possibility of supporting such a policy through an IDA poverty adjustment credit.
2. Participated in local Bank-NGO consultations.

Coopération Internationale pour le Développement et la Solidarité (CIDSE)

1. Participated in the special working group created within the Committee for that purpose of reviewing the Bank's paper on "Sustainable Growth with Equity in Sub-Saharan Africa".
2. At the invitation of the Government of Ghana, attended the special meeting organized by the Bank on the "Programme of Action to Mitigate the Social Costs of Adjustment for Development "(PAMSCAD) in Ghana, held in Geneva from 16-17 February 1988. Since that meeting have had follow up discussions with Ghana partners and with World Bank staff. Further discussions are planned with Bank staff during the Annual full Committee meeting and in Ghana in December 1988.
3. Distributed the CIDSE position paper on Third World Debt to Committee members. This paper, prepared in english, french and spanish was also distributed widely among NGOs and international organizations.
4. Reviewed Consensus Conclusions within CIDSE's Policy Advisory Group. Comments presented to Committee's NGO Co-Chairman.
5. Distributed Consensus Conclusions within CIDSE and among the organization's overseas partners.
6. Participated in a meeting between Mr. Conable and German Church leaders in Bon, during which the latter stressed the importance of NGO involvement in development activities.

Conseil des Organisations Non-Gouvernementales d'Appui au Développement (CONGAD)

1. Participated as guest speaker at a meeting of Bank resident representatives in Africa, held in Lome in February 1988.

The Development Group for Alternative Policies (D-GAP)

1. Distributed the "Consensus Conclusions" of the Santo Domingo meetings widely within the U.S. PVO community.
2. Made presentations on the status of the Committee's work in two meetings organized with environmental NGOs in the USA.
3. Working with environmental and development NGOs to plan joint action vis-à-vis the multilateral development banks, in general, and the World Bank in particular.
4. Assisted in the drafting of the new provision in U.S. law relating to the World Bank and NGOs. This provision requires the U.S. Executive Director to the Bank to advocate the use of US\$50 million in Bank profits to facilitate liaison with Southern NGOs in the mainstream of Bank operations.
5. Together with Solidarios, organized Bank-NGO consultations in the Caribbean.

Deutsche Welthungerhilfe (DWH)

1. Participated in the special working group created for the purpose of commenting on the Bank's paper on "Sustainable Growth with Equity in Sub-Saharan Africa".
2. Served as Co-Chairman for the Bank-NGO Committee and in that capacity followed closely all issues of Bank-NGO concern.
3. As Co-Chairman of the Committee and a German NGO participated in the coordination of NGO attendance at the Bank/Fund Annual meeting in Berlin.
4. As Co-Chairman of the Committee and in his capacity as a member of the Board of Editors of DIALOGUE, obtained the publication of a number of articles on the Committee and its work in the newspaper's special edition prepared for the Bank/Fund meetings in September.

Grupo de Tecnologia Apropriada (GTA)

1. Responded to requests for advice from the Bank.

International Institute for Rural Reconstruction (IIRR)

1. Met several times with the Bank's resident representative in the Philippines to discuss Bank-NGO collaboration.
2. Met with various Bank project appraisal and sector missions to the Philippines.

3. Contacted a number of Asian NGO network organisations to inform them of the Committee and its activities - South Asia Rural Reconstruction Association (India), Asian Cultural Forum on Development (Thailand), Asian NGO Coalition for Agrarian Reform and Rural Development (Philippines), South Asia NGO (Pakistan), Centre for the Development of Human Resources in Rural Asia (Philippines), Rural Reconstruction Alumni and Friends Association (Thailand). Of these NGOs, ANGOC is known to have already established direct contact with the Bank.
4. Plan with the inclusion of the "Consensus Conclusions" in the agenda of national and/or regional NGO meetings, through the above mentioned NGO networks.

#### Lutheran World Federation

1. Circulated the Consensus Conclusions among LWF field offices and informed them of the various issues on the NGO agenda.
2. Asked field offices to inform on existing cooperation with the World Bank and on plans for future direct/indirect cooperation.

#### NOVIB

1. Information on the Santo Domingo meetings and the "Consensus Conclusions" ("CC") distributed to the relevant departments within NOVIB.
2. Distributed and explained the "CC" to participants of the European Workshop on "Debt: The Need for Coordinated Lobbying", organised by the ICCO/NOVIB debt programme, Forum on Debt and Development (FONDAD).
3. Distributed the "CC" to all the members of the Dutch Association of NGOs in relation with the Commission of the European Community. The issue was to be taken up at the last National meeting on 4 February 1988.
4. Distributed the "CC" to the members of the Liaison Committee of Development NGOs to the European Community.
5. Published information on the Santo Domingo meetings and the "CC" in the NOVIB Newsletter which is distributed in three languages to 1200 counterparts in Asia, Africa and Latin America.

#### OXFAM

1. Organized a seminar on Africa with Stanley Please, one of the authors of the Bank's Sub-Saharan Africa paper.
2. Participated in the special working group created within the NGO Working Group to comment on the above paper.
3. Worked with local NGOs to call for changes in the design of World Bank funded projects, especially in Brazil and India.



4. Co-organized workshops on social forestry schemes.
5. Joined the Bank's supervision mission for the Fourth Livestock Development Project in Ethiopia. Coordinating a debate on the scope for NGO involvement in this project.
6. Studying the possibility of taking part in a multi-agency compensatory programme in Ghana.
7. Studying the possibility of assisting the Bank in the identification of poor communities, vulnerable to adjustment measures in Chad.
8. Responded to requests for advice from the Bank on such issues as targeted food distribution in Zambia.
9. Publicizing the "Consensus Conclusions" through the overseas programme and local NGOs.
10. Dialogue with the Bank's resident mission in Zambia and other visiting missions to that country on adjustment/poverty and, more specifically, on the possibility of establishing a targeted food distribution programme.
11. Facilitating contact between grassroots NGOs and Bank staff and senior officials on resettlement and environmental issues in India and elsewhere.
12. Disseminated information on the latest world Bank policies and guidelines on resettlement and promoted similar moves by other official aid agencies.
13. Participated in meetings to help evolve new policies on Food Security and social dimensions of adjustment in Africa, to review progress on the poverty and adjustment issue and to discuss the implementation of the Food Security proposals for Africa.
14. Increased support for grassroots NGOs in articulating their concerns about social/environmental costs of specific projects.

#### Solidarios

1. Together with D-GAP and the Bank organized a consultation between the Bank and fourteen (14) Caribbean/Latin American NGOs (see D-GAP above).
2. Organized a meeting between the Chief economist of the Bank's Region II/Latin America and Caribbean Division and members of Solidarios.
3. Circulated the list of World Bank projects financed in Latin America and the Caribbean with potential for NGO involvement.

Union Nationale des Maisons Familiales Rurales d'Education et d'Orientation (UNMFREO)

1. Informed other French NGOs with which UMFREO has relations of the results of the Santo Domingo meetings.
2. Discussed possible collaboration between UNMFREO and the Bank in Brazil and Zaire.
3. Facilitated contacts for a Bank mission to the Central African Republic.

Zimbabwe Freedom from Hunger Campaign (ZFFHC)

1. Contacted Zimbabwe's Minister of Finance and Economic Planning regarding Zimbabwe's relationship with the World Bank and his own opinion on World Bank/NGO cooperation.
2. Participated in the special working group created within the Committee to comment on the Bank's paper on "Sustainable growth with Equity in Sub-Saharan Africa".
3. Met with the Bank's resident representative in Harare several times to discuss Bank-NGO relations, the "Consensus Conclusions", information sharing, possibilities of expanding World Bank-NGO cooperation in Zimbabwe, and the relationship between local NGOs, international NGOs and local governments.
4. Organized a meeting between the Bank's resident representative and relevant local NGOs to discuss the following;
  - general information exchange between the Bank and NGOs;
  - sharing Bank Staff Appraisal Reports on specific projects;
  - the coordination of regular contacts between local NGOs and visiting Bank missions;
5. Participated as guest speaker in a meeting of the Bank's Africa resident representatives held in Lome in February 1988.
6. Participated in a meeting co-organised by D. Hellinger and E. Fernandez in Barbados on the possibility of Bank collaboration with Caribbean NGOs.
7. Organized the first meeting of the World Bank-NGO Committee (Zimbabwe). The ideas and proposals of this group will be presented to the full Bank-Committee meeting in its next meeting..

Committee Secretariat (ICVA)

1. Distributed and explained the "Consensus Conclusions" ("CC") to the Consultative Committee on Substantive Questions (Operational Activities) of the United Nations during its meeting in January 1988.
2. Distributed the "CC" widely NGOs requesting information on the Committee, as well as to NGO related services such as UN.NGLS.

3. Participated in the Lima Conference on Third World Debt in January 1988.
4. Published the "CC" in ICVA News.
5. Attended the World Bank/Fund meetings in Berlin and helped organize an informal meeting between Bank and NGO members present in Berlin.
6. Attended the SDA Steering Committee meeting in Paris, 6-7 October 1988. Currently working out with AFSI staff the mechanics of increased NGO input into the project.

# OFFICE MEMORANDUM

DATE: September 4, 1987

TO: Mr. Alexander Shakow, Director, SPR

9/75  
FROM: *D. Edward Schuh*  
G. Edward Schuh, Director, AGR

EXTENSION: 37500

SUBJECT: Proposal for Direct Bank Financing of NGO's

I have read this proposal with considerable interest. In principle, I am supportive of closer work with these groups, and eventually even of providing them some direct funding. However, though the present proposal helps us to start thinking work along these lines, I feel that it needs a great deal of work yet.

I will resist the temptation to provide detailed comments, for I fear some of it might sound like nit-picking. Let me instead indicate what some of the basic questions are that in my judgment still need answering:

1. What is the objective (or objectives) of the program?  
Paragraph 9 identifies 3 objectives. While sounding precise, these actually go all over the place. I can hardly imagine any activity that could not be covered by them. I suggest that in the beginning, we take only one objective. My choice would be either of the second or third of the three identified in the first sentence of paragraph 7.
2. What criteria will be used in selecting the NGO's for support?  
The answer to this will depend importantly on the answer to the first question above. But we need to realize that the number of potential supplicants is absolutely huge. Moreover, some of them are almost totally misguided in terms of anything the Bank would want to support. Some fairly objective criteria are needed so as to protect the Bank and its staff.
3. For what kinds of expenditures by the NGO's will grant funds be permitted? This needs to be thought through carefully. We could find our money being spent for very improper purposes - including criticisms of the Bank!

Perhaps the OMS referred to in paragraph 5 will provide the answers to these questions. In any case, they need answering. In general, I believe we should start with a rather narrowly focused program.

cc: Mr. V. Rajagopalan, VPPRE

GES:fsc

## OFFICE MEMORANDUM

10  
9/139/60  
Date : September 3, 1987

To : Mr. Alexander Shakow, Director, SPR

From : Krishna Challa, Chief, PBDPR *KC*Subject: Proposal for Direct Bank Financing of "NGOs"

1. In response to the proposals in the paper you circulated on the above subject, Mr. Picciotto asked me to convey our comments to you.
2. Clearly, the goal of facilitating NGO's participation in the development process is a laudable one. It is unclear, however, if the proposal put forth is the best, or even a desirable way to achieve the goal.
3. Underlying my reservations is the fact that there is a very large number of NGOs of many types and forms, distributed widely among developing countries. The Bank's comparative advantage in selecting the right NGOs, based on brief encounters during missions, appears doubtful at best. It would be difficult to get accurate information on the work and the effectiveness of these NGOs without spending a lot of time in the particular geographical area and with the specific NGO. Bank project and country officers are likely to be subject to large lobbying pressures, and in the absence of full information, would be forced to make selections on the basis of largely subjective judgements arrived in an extremely limited time. This could easily lead to a perception of arbitrariness. There may indeed be a real risk of tarnishing the Bank's image, some of the NGOs were to be affected by bad experiences or scandals, or if arbitrariness were to be alleged in the selection process. Providing cash grants for the micro projects funded through the administrative budget, with decisions made through a highly decentralized set of country, sector and other officers would appear to invite lack of consistency in procedures and standards applied. A clear-cut central role to ensure quality control, ensure consistency in treatment and facilitate effective recycling of experience is essential. Given the large grant element involved, basing the selections on recommendations of government agencies presents the same risks of excessive discretion and lobbying pressures, and hence would not seem to be a promising solution. The only way the risks can be contained is through Bank officers spending a substantial amount of time assessing the NGO during project preparation and project implementation/supervision. This is unlikely to be cost effective given the small size of individual operations.

4. An intriguing aspect of the proposal is the statement in para. 6 that NGOs find it difficult to collaborate with the Bank because of "distance", "fear of large organizations", reliance on 'traditional' forms of social organization and lack of information about opportunities to work with the Bank. It is difficult to see how provision of grants instead of other forms of project-related assistance (in connection with specific project design features) would overcome these hindrances.

5. An alternative approach would be for the Bank to accept this endeavour as one oriented primarily towards publicity and building the image of the Bank as an institution interested in NGOs, perhaps focussing on specific areas such as Environment and Women in Development. It may be best to design the proposal as an expanded version of the small grants programs currently being implemented by the Vice President, External Affairs and by the Environment Department. This would project the image of the Bank as supportive agency, while avoiding the impression that we have a comprehensive program for appraising and supporting NGOs. This alternative would require less funds and would rely on other agencies to select NGOs and vet their proposals -- thus encouraging cost sharing. Formal linkages between selected local NGOs and internationally experienced NGOs might also be considered to facilitate selection and enhance the PR impact.

6. Whatever be the alternative chosen, it is imperative that the selection criteria as well as the purposes for which the grant funds can be used be defined much more explicitly. We could limit the grants to funding of Technical Assistance to NGOs (e.g. in planning, priority setting, financing/budgeting, diffusion techniques, administration, etc.) through the provision of consultant assistance (i.e., no cash grants). The consultant work in this connection would have to be supervised, either directly by Bank staff as part of normal project supervision, or, possibly by representatives of other multi-lateral or bilateral agency which may have direct field presence in the country and may agree to act as the agency for the Bank in implementing the Micro-Project Financing program. In addition, Micro-Projects handled by the NGO concerned could be required to have a direct link to the implementation of a Bank project, with the appraisal of the NGO and supervision of the micro-project as an integral part of the responsibility of the Bank project team. Finally, suitable auditing of expenditures should be a sine qua non of any Bank involvement.

7. In sum, I would recommend rethinking the proposal: (a) to ensure effective management of the program within the Bank; (b) to minimize the risk of corruption; (c) to enhance cost sharing; (d) to focus Bank support on strategic areas of NGO program requirements.

8. As far as financing is concerned, it seems anomalous to consider this program as part of the administrative budget. Given the heavy pressures on the FY88 budget (and the need to refine the program concept) it may not be realistic to consider coverage of the program this fiscal year. In any event, it would behoove the Bank to seek suitable partners in the financing and execution of the kind of program sketched in the

proposal. Injection of their experience (along with their money) might lead to a substantially different and more focussed program concept and would go a long way in minimizing the risks and enhancing the developmental and public relations impact of the initiative. Once this is available, the question of financing would arise but, by then, we would have to consider the proposal as a special grants program - and we would need to make room within that program for this initiative.

cc: Mesdames and Messrs. Hopper, Rajagopalan, Stanton (o/r), Carter (o/r), Picciotto, Willoughby, Baneth, Holsen, Hamilton, Warford (Acting), Schuh, Churchill, Pouliquen, Linn, Farrar, de Tray, Waterston, Murli, Smucker

Bank Members of the Bank-NGO Committee: Messrs. Serageldin, Wyss, Cernea, Raphaeli, Golan, Hasan, and Steckhan.

(ov/disk40/tape2)

## OFFICE MEMORANDUM

S-5055

M. Glaser

M  
8/30

RECEIVED

1987 AUG 28 PM 1:41

OFFICE OF THE VICE PRESIDENT  
SECTOR POLICY & RESEARCH

8/17/87

DATE August 27, 1987

TO Distribution below

FROM Alexander <sup>Sept</sup> Shakow, Director, SPR

EXTENSION 34697

SUBJECT Proposal for direct Bank financing of NGOs

I would appreciate your comments on the attached proposal.

The Policy Committee discussed this briefly in early August, and asked for more background and further review within the Bank before taking a final decision.

Please convey your comments and suggestions to me or to Messrs. Beckmann/Nijhawan (Rm. J-3051, Ext. 34692 and Rm. J-3055, Ext. 34680 respectively) by c.o.b. Wednesday, September 2.

Distribution

PPR: Messrs. and Mesdames Piccioto, Willoughby, Baneth, Holsen, Hamilton, Warford (acting), Schuh, Churchill, Pouliquen, Linn, Farrar, de Tray, Waterston

Bank Members of the Bank-NGO Committee: Messrs. Serageldin, Wyss, Cernea, Raphaeli, Golan, Hasan, and Steckhan

cc: Messrs. Hopper, Rajagopalan, Stanton (o/r), Carter (o/r)

DBeckmann/ONijhawan:ek



## Direct Bank Financing of NGOs

### Background and Rationale

1. In the last ten to fifteen years, nongovernmental organizations (NGOs) -- including developing-country NGOs -- have become increasingly effective providers of development services all over the world. NGOs are active in many sectors -- health, population, nutrition, education, agricultural development, and private-sector commercial development. NGOs are a diverse group, but it is evident that many organizations now offer significant implementation capacity for poverty-oriented programs and provide a useful complement to official aid programs. Developing-country NGOs, often supported by international NGOs, have also become increasingly influential in shaping international opinion and development policy on aid programs.

2. Most bilateral aid agencies are increasingly and successfully using NGOs as a vehicle for the implementation of program activities, and the Bank has also been expanding its relationships with NGOs at both the policy and operational levels. In the early 1980s, the Bank's staff were asked to encourage governments to consider NGO participation in all phases of the project cycle. At the same time, a Bank-NGO Committee was established for promoting Bank relations with NGOs, and the International Relations Department (now the International Economic Relations Division in the Strategic Planning and Review Department) was assigned this responsibility. While not dramatic in impact, these efforts have been useful in building greater understanding between NGOs and the Bank, and NGOs have now become involved in many Bank-financed projects as contractors, consultants, sub-borrowers, sources of informal advice, or agents of parallel efforts. The Bank also established a special program to strengthen African population NGOs. NGOs have provided the Bank valuable advice on, inter alia, its policies regarding population, food security, the social costs of adjustment, and environment.

3. As Bank involvement with NGOs in the developing countries always depends on the concurrence of the government concerned, the Bank's promotion of "trilateral" (government-NGO-Bank) meetings has proved to be one of the most fruitful approaches. The Bank has helped to organize over 15 such meetings, in which government officials and NGOs work out improved mechanisms for cooperation in particular sectors (social forestry, for example).

4. Bank-NGO cooperation is still at an early stage of development. Increased collaboration between the Bank and selected NGOs would enhance the Bank's effectiveness, especially in dealing

with poverty and environmental issues. Reviews by OED and others have demonstrated the importance of an increased role for beneficiary organizations and other NGOs for the success and sustainability of Bank-financed projects.

5. In order to further promote Bank staff interest in working with NGOs and provide guidelines for cooperation, an Operational Manual Statement on Bank-NGO cooperation is at an advanced stage of preparation. The OMS would be issued as soon as the main features of the proposal described here can be incorporated. While the Bank's public information outreach and policy interactions with international NGOs are likely to continue, a stage has now been reached for special efforts to expand operational collaboration with NGOs, especially developing-country NGOs.

6. Though the foundation for collaboration with NGOs in a variety of fields has been laid and results are encouraging, available instruments for enhancing operational cooperation are not complete. In principle, operational cooperation is open to all NGOs. All NGOs can approach their government and the Bank to propose sector priorities, suggest project design features, or develop project components which they could implement. In practice, NGOs find the instruments for collaboration with government agencies and the Bank too complex. Distance, fear of large organizations, reliance on oral communication and traditional forms of social organization, and lack of information about opportunities for working with the Bank discourage many worthwhile local NGOs from approaching the Bank or even responding to the Bank's initiatives. A number of local NGOs which have done an excellent job at social mobilization among the poor lack the analytical capacity to enter into policy dialogue with their governments and the resources for implementing productive projects. This proposal is aimed at providing a new instrument to help reduce these constraints.

7. The Poverty Task Force has urged expanded cooperation with NGOs, including an allocation of grant funds to facilitate Bank-NGO collaboration. In his opening remarks at the April 1987 meeting of the Development Committee, Mr. Conable said that "we should explore increased Bank funding of NGOs in developing countries where they have a distinct comparative advantage by virtue of their grassroots involvement with the poor." This suggestion has met with considerable support among the Bank's major shareholders. There has also been some indication that some Board members would welcome a request for a proposal of this type as an increment to this year's budget.

8. In the intervening months, this proposal for an initially small program of Direct Micro-project Financing (DMF) has been developed at the initiative of several Bank members of the Bank-NGO Committee. It has not been discussed specifically with NGOs but we

anticipate that they would be supportive of this initiative as a sign of the Bank's increased interest in a broad range of cooperative arrangements with NGOs, particularly indigenous NGOs.

#### Concept of the DMF

9. Assistance through small grants to NGOs could directly benefit some very poor people, sometimes help Bank or IDA projects to more effectively reach the poor, and strengthen local NGOs as development agencies. DMF grants would be of three types:

(i) The DMF would be used to facilitate the involvement of local NGOs in activities ancillary to, or in preparation of, a Bank-financed project. A small NGO grant between appraisal and implementation of a slum improvement project, for example, might encourage informed beneficiary participation in detailed design. During implementation, an NGO grant for hygiene education might complement the Bank's investment in water and sanitation infrastructure. Bank staff are well-placed to identify highly productive grants to NGOs that are closely connected to a Bank project, and such grants would require minimal staff time. In some cases, they would reduce the staff time needed for supervision of the Bank project to which the NGO micro-project is related.

(ii) The DMF could also be used to support local NGOs that are doing exemplary work among the very poor. The Bank, like most other official aid agencies, has generally been unable to reach the bottom 15-20% of the income distribution, but could support NGOs that do. Where Bank staff, in the course of their normal work, note a successful NGO credit scheme for landless people, for example, the DMF would give the Bank a means of providing support.

(iii) The DMF could also provide assistance for building analytical and planning capabilities of indigenous NGOs. Grants aimed at building local NGOs' capabilities would enhance national implementation capacity to reach the poor. These capacities could then be used in the implementation of Bank-financed poverty-oriented projects.

10. The DMF would not operate as a separate "grant window" with separate staff. A small portion of the funds would be allocated to PPR for innovative work on poverty alleviation, environment, and safe motherhood issues, but the bulk of the funds would be made available to the Regions through a supplementary administrative budget. The availability of grant funds would complement the many other ways in

which NGOs are involved in Bank-supported programs (consulting, contracting, sub-borrowing, and so forth). Publicity about the DMF would stress that these grants are for NGOs based in developing countries, and that grant decisions would evolve from the Bank's ongoing sector and project work in the field.

#### Operation of the DMF

11. The micro-projects supported by DMF would be high-priority development (not relief) programs for the poor. They would aim at programs for human resource development at the grassroot level and would be of a sustainable nature, capable of replication, whether or not related to a Bank or IDA project. The funds could be used for building, maintaining or running facilities (such as health centers, village schools, or cooperative sheds), providing development services (such as training, assistance for community participation, or transport), and technical assistance to develop the analytical and implementation capacity of a local NGO. NGO programs which improve the productivity of the poor and create opportunities for self-employment of the assetless would be encouraged.

12. NGO Eligibility. Legally established philanthropic or self-help organizations would be eligible. The DMF would be limited to indigenous NGOs and to local chapters of international NGOs with predominantly indigenous staff and a well-established activity record in the country. Preference would be given to NGOs which can (a) disperse the benefits of the grant throughout a large network of members, associates, sympathizers or service users and (b) carry out the micro-project as part of their normal activities. A degree of public sector involvement in the NGO would be admissible, provided the NGO is essentially free to set its own priorities and make major decisions on its own.

13. Country Requirements. The DMF would be used mainly in IDA-eligible countries, but could also be used in very poor areas in other countries. Official concurrence would be required in the form of a "no objection" statement from the ministry relevant to the activity to be funded.

14. Eligible Sectors. All development activities that the Regions believe would provide important direct benefits to the poor would be considered. While health/population/nutrition and education projects can be expected to absorb most of the grants, worthwhile micro-projects would also be funded in urban and rural development -- water supply, social forestry, organization of cooperatives, micro-enterprise development, and micro-loans for employment generation initiatives.

15. Amount of Individual Grants. Grants would range in size from a few thousand dollars to a maximum of \$100,000. Repeat operations would not be favored, but would not be excluded in principle. The aggregate amount of repeat grants to an NGO would in no case exceed \$300,000.
16. Cofunding for Micro-projects. Matching of the Bank grant with proportionate local or foreign resources would be considered highly desirable, although not indispensable. The matching resources could be financial or in kind (food, for example, or volunteers' work).
17. Disbursement. Grants would be disbursed either in a lump sum or in tranches tied to the micro-project's progress.
18. Micro-project Appraisal. Grants for very small and simple projects would be quickly appraised, based on the reputation of the applicant NGO and an on-site inspection. More complex micro-projects would require a simple cost-benefit analysis and built-in arrangements for monitoring and evaluation. All grant recipients would be asked to prepare progress reports at regular intervals, and Bank supervision missions would conduct on-site monitoring. An evaluation report would be expected from the NGO at the completion of the project. In some cases, the Region may wish to require a local external audit.
19. OMS Guidelines for Grants. Guidelines for making grants along the lines described above would be incorporated in the OMS on Bank-NGO collaboration which is now under preparation. The guidelines need not cover the enormous variety of NGOs and micro-project situations, but instead would define the broad terms under which operational staff may recommend DMF grants. Exercising the wider discretion and responsibility granted them in the reorganized Bank, regional staff would make their judgment based on country knowledge and would be expected to act in an innovative and expeditious manner.
20. Monitoring. The Regions' work with NGOs would be monitored and backstopped (through provision of expertise for sector/project reviews, research of NGO country profiles, and policy advice) by PPR's Strategic Policy and Review Department (SPR). SPR would also collect information from the Regions, analyze experience, and report to management on the DMF and on Bank-NGO collaboration more generally.
21. Administration of the DMF. The selection and appraisal of the projects to be assisted would be the responsibility of the relevant Bank department. The appropriate division would originate a DMF grant memorandum, which would be sent to the relevant vice-president, through the department director, for final approval. The originating division would be responsible for securing the clearances from other Bank departments (e.g. Legal, Central Operations, or SPR) which seem appropriate to the case. A simple grant agreement would specify the grant amount, the activities being

financed, and arrangements for matters such as disbursement and reporting. The grant would be disbursed through the same offices and channels which are used for the department's other contractual services.

22. Staff Time. Work involved in considering NGO grants would initially be an added responsibility of regional staff, but could be done in the normal course of sector and project work and would require little additional time. As the DMF expands, additional staff time may need to be allocated. The necessary estimates would be made after a year or two of experience.

23. Amount. In the light of budgetary constraint for FY88, and of the advanced stage of the budget process for the current year, we propose an initial allocation of \$1 million as an addition to the grant program budget and an initial focus on Africa only. Once the program is established, coverage could be expanded and the allocation increased to between \$5 and \$10 million a year. The annual level would be decided during the budget review process each year and approved by the Board.

#### Recommendation

The Policy Committee recommends that the President propose to the Board the introduction of the DMF with \$1 million in FY 87-88 and \$5 million in FY 88-89 on an experimental basis.

DBeckmann/ONijhawan:ek

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION  
**OFFICE MEMORANDUM**

*Mr. Rajanoo, Selam*  
*Low*  
*PT keep*  
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RECEIVED  
1987 JUL 31 AM 10:17  
OFFICE OF THE VICE PRESIDENT  
SECTOR POLICY & RESEARCH

7184

DATE July 30, 1987  
TO Mr. Barber B. Conable  
FROM W. David Hopper *WDH*  
EXTENSION 75678  
SUBJECT Direct Bank Financing of NGOs

Attached is a proposal for direct Bank financing of NGOs, growing out of suggestions made by the Poverty Task Force, the Bank/NGO Committee and regional staff. In addition to its potential to extend the effective outreach capacity of the Bank's work at the local level, its establishment would send another strong signal of Bank interest in and support for indigenous NGOs, an area of considerable political importance to many of our shareholders.

If you agree that the idea should be pursued, I suggest we have a Policy Committee discussion on the merits and, if there is adequate support, consider then what level of funding would be appropriate and feasible as well as the best timing. While the Poverty Task Force suggested we might ultimately reach a \$25 million annual level, it should start at a much lower level to test the idea out.

In any case, I suggest we address the concept first and then see how much resources we should attach to it.

Attachment

### Direct Bank Financing of NGOs

The Poverty Task Force suggested the establishment of a fund to strengthen the poverty efforts of NGOs. Mr. Conable stated at the Development Committee on April 10, 1987 that "we should explore increased Bank funding of NGOs in developing countries where they have a distinct comparative advantage by virtue of these grassroots involvement with the poor." In line with these suggestions, the following proposal for a small grants program, Direct Microproject Financing (DMF), has been developed at the initiative of Bank members of the Bank/NGO Committee. Policy Committee endorsement for this initiative is requested as it would constitute a realistic and effective additional device for funding people-oriented development through the unique outreach offered by developing country NGOs. It would also represent an important political initiative which would find considerable support among many shareholders. We suggest this initiative be mentioned in the annual meeting address.

The general concept of the DMF rests on three basic premises:

1. Direct funding of NGOs would be a significant addition to the array of mechanisms already available to the Bank for cooperation with NGOs. It would not replace or conflict with efforts, already well underway, to involve NGOs in Bank-supported programs through consulting, contracting\* and sub-borrowing arrangements; it

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\* For instance, it would not alter the long-standing and very fruitful contractual arrangements to fund national family health associations--until now reached principally through the International Planned Parenthood Federation--and other population NGOs, such as the African Medical Research Foundation.



would not substitute for the Bank's encouragement to borrowers to collaborate with NGOs in appropriate programs, whether or not financed by the Bank.

2. The DMF would primarily support activities ancillary to or in preparation of a Bank-financed project (the "lead" project). Thus, in the most frequent cases, the NGO activity would either constitute a lead project component, or it would be parallel to the project and benefit the same project population (or portion thereof), or it would facilitate NGO involvement in planning or evaluation of the lead project. In this way, the Bank would operate on already familiar ground, economizing on microproject appraisal and supervision costs and using its general insight to supplement the relatively scant written documentation that can be expected from the grant applicant. Furthermore, the requirement of linkage to a lead project would limit the otherwise overwhelming number of grant requests that could be submitted to the Bank.

It is recognized, however, that Bank staff may identify important needs for microproject support in situations for which Bank or IDA lending is unlikely. Through the DMF the Regions could finance such projects deemed of special value, both in themselves and for their demonstration impact, even though not related to a prospective project.

3. The bulk of the funds allocated to the DMF would be made available to the Regions through an increment of their administrative budgets. A small portion would be allocated to PPR for innovative work on issues as poverty alleviation, environment, and safe motherhood. The announcement of the initiative would stress that the grants are intended for NGOs based in developing countries (either indigenous groups or local chapters of an international organization), and that grant decisions would evolve from practical links between Bank-financed operations and NGO programs verified in the course of sector and project work in the field.

Within this general framework, the major DMF features would be as follows:

Objective of the Grants: to finance, in toto or in part, high priority development (not relief) programs for the poor. The microprojects would be of a sustainable nature, susceptible of replication, and usually related to a Bank-supported lead project -- current or prospective.

Purpose of Grants: to build, maintain and run facilities (e.g. primary health clinics, village schools, cooperative sheds, etc) and provide development services (e.g. training and information, technical assistance for community participation, technical consultation and advice, transport).

NGO Eligibility: legally established, philanthropic or self-help organizations either indigenous to the recipient country, or with a well established activity record in the country and with predominantly indigenous staff. Special weight should be given to applications from NGOs which can (a) disperse the benefits of the grant throughout a large network of members, associates, sympathizers or service users, and (b) carry out the project as part of their normal activities rather than as an ad hoc separate assignment. A degree of public sector involvement in the NGO would be admissible, provided the NGO is essentially free to set its priorities and make major decisions on its own.

Country Requirements: Most grants would go to NGOs in IDA-eligible countries, but support could be provided also for very poor areas in other countries. A minimum of official concurrence would be required in the form of a "no objection" statement from the government agency relevant to the activity to be funded. At a later stage some country limits on grants might be necessary.

Eligible Sectors: All development activities that the Region believes would provide important direct benefits to the poor may be considered. While health/population/nutrition and education projects are expected to absorb most of the grants, worthwhile microprojects could also be funded in urban and rural

development, social forestry, water supply, organization of cooperatives, micro-enterprise development, and micro-loans for employment-generation initiatives.

Amount of Individual Grants: While this would depend in part on decisions concerning overall funding (dealt with separately) it would seem sensible to establish limits of a maximum of \$100,000 per NGO and an average of \$40,000 per grant. Repeat operations would not be favored but would not be excluded in principle. The aggregate amount of repeat grants would not exceed \$300,000.

Co-funding Microprojects. Matching of the Bank grant with proportionate local or foreign resources would be highly desirable -- although not indispensable. The matching resources could be financial or in kind: food, volunteers' work, transportation facilities, etc.

Disbursement of Grants. Grants would be disbursed either in a lump sum or in tranches tied to the project progress.

NGO Microproject Monitoring. The microproject would have built-in monitoring and evaluation provisions. Simple but complete progress reports would be prepared by the NGO at main junctures of the project execution. Bank supervision missions

to the lead project would also monitor the microproject. An ex-post evaluation report would be expected from the NGO at the completion of the microproject. In some cases, the Region may wish to contract for an external audit.

OMS Guidelines for Grants. Guidelines for making grants along the lines described here would be incorporated in the OMS on Bank-NGO collaboration which is now in preparation. The guidelines need not cover the enormous variety of NGO and microproject situations, but instead would define the broad terms under which operational staff may make DMF grants, using their judgment of the country and of the projects and acting in an innovative and expeditious manner.

Monitoring of DMF. The Regions' work with NGOs would be monitored and backstopped (through provision of expertise for sector/project reviews, research of NGO country profiles, and policy advice) by PPR's Strategic Policy and Review Department (SPRD) SPRD is also the secretariat of the Bank-NGO Committee and the SPRD Director is the Bank co-chairman of that Committee). SPRD would also gather from each Region the lessons of experience to serve as possible operational models to all Regions and as material for public affairs purposes.

Administration of the DMF. The selection and evaluation of the projects to be assisted would be the responsibility of the relevant Bank department. The appropriate division would originate a DMF grant memorandum, which would be sent to the relevant vice-president, through the department director, for final approval. The originating division would be responsible for securing the clearances from other Bank departments (e.g. Legal, Central Operations Department, PPR) which may seem appropriate to the case. A simple grant agreement would be entered in each case to cover the amount of the grant, a summary description of the activities to be financed, disbursements, reporting and other relevant details. The grant would be disbursed through the same departmental offices and channels which handle the department's contractual services.