

Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations

EXECUTIVE SUMMARY

The purpose of this paper is to assess the World Bank's recent relations with civil society organizations (CSOs), and to propose options for promoting more effective civic engagement in Bank-supported activities and managing associated risks in the future.

This paper analyzes the Bank's extensive experience over the past few years in engaging CSOs in a broad range of development operations and in policy dialogue at the local, national and transnational levels. The Bank's member governments remain the institution's owners, clients and decision makers, and its ultimate accountability is to these shareholders. Yet they have supported the expansion of Bank-CSO engagement from the early 1980s to today in recognition of the benefits for development effectiveness and poverty reduction. During Mr. Wolfensohn's tenure as Bank President from 1995-present, the Bank has placed a high priority on strengthening engagement with CSOs, including appointing staff in most of the Bank's country offices to facilitate these relations. Civic engagement is now an integral piece of the Bank's strategy to strengthen the investment climate and promote empowerment in developing countries, and is part of the Bank's business model. The importance of such an empowerment and participatory approach to development has been reflected in Bank operational policies and staff guidelines, recent IDA Replenishment reports, and the 2000 and 2004 World Development Reports, and it underpins the Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Paper (PRSP) approaches. The Bank regards constructive engagement with CSOs as an important factor in supporting the global development agenda laid out in the recent summits in Monterrey, Doha, and Johannesburg, and in supporting developing countries' efforts to achieve the Millennium Development Goals (MDGs).

The Bank today is taking deliberate steps to engage a wider, and more complex, spectrum of organizations and constituencies within global, national and local civil society. The Bank recognizes the differing situations between countries as well as the different environments—legal, institutional, political and social—that shape the opportunities for civic engagement. To frame the discussion, this paper provides a definition of CSOs as not-for-profit, non-governmental institutions, covering a wide range of organizations from development NGOs and think tanks to trade unions, foundations, faith-based organizations, disabled persons organizations, community-based organizations, media (independent and non-profit), and business associations. The paper then scans the authorizing framework for Bank-CSO relations and some of the implications of changes that have occurred inside and outside the Bank since the 1998 review entitled *The Bank's Relations with NGOs: Issues and Directions*, which discussed the evolution of Bank-civil society relations from 1981-1998.

The Bank's engagement with CSOs can be grouped into three categories of activity: facilitation, dialogue and consultation, and partnership. As a facilitator, the Bank supports civic engagement in countries that are designing Poverty Reduction Strategies, and in implementing and monitoring an array of Bank-financed projects, ranging from HIV/AIDS treatment and prevention to microcredit schemes. Through dialogue and consultation, the Bank directly engages CSOs and seeks their views on issues of mutual interest, such as the Bank's operational policies and Country Assistance Strategies (CAS). Executive Directors on the Bank's Board meet regularly with CSOs, as do Bank management and staff. And in the category of partnerships, the Bank is working with CSOs on joint initiatives in biodiversity, health, education, youth development and numerous other areas. Many Bank legal agreements with governments contain grant-making components, such as Social Funds and AIDS programs, through which resources are channeled to CSOs to implement social service programs. The Bank also manages an array of grant mechanisms and donor-supported trust funds that provide direct support for CSO-initiated projects.

While the overall trend has been one of broadening and deepening engagement of CSOs in the Bank's work, approaches to engagement vary widely, and some significant constraints exist. Some member governments and Bank staff remain cautious about CSO engagement, which can be attributed to many factors, including concerns about the roles, representation and accountability of CSOs. Other institutional constraints to effective civic engagement include: a lack of reliable and/or easily accessible data to monitor and evaluate the Bank's engagement with CSOs; insufficient guidance to staff on good practices and procedures to follow when engaging with CSOs; disclosure and transparency issues; weak incentives for Bank staff to engage CSOs; and funding and procurement limitations. Cost-benefit considerations are of particular concern for the Bank, as it aims to improve the cost effectiveness of its operations and to reduce the costs for developing country clients of doing business with the Bank. Likewise, some CSOs are wary of engaging with the Bank because they find it cumbersome to do so, or they do not believe it will yield much benefit. Bank management has acknowledged the need to address many of these internal and external concerns.

An important consideration for the Bank and its member governments is that the dramatic expansion in the size, scope and capacity of CSOs around the globe since the early 1990s has already had a major impact on global development, and that impact is likely to grow in the future. These changes have been aided by the process of globalization and the expansion of democratic governance, access to telecommunications, market transformations, and economic integration. CSOs have become significant players in global development finance, are increasingly influencing the shape of global and national public policy, and have become important channels for delivery of social services and implementation of both publicly and privately financed development programs. The growing focus among policy makers and citizens on the need for good governance and greater transparency has also opened new doors for CSOs as players in the development business, and parliamentarians, media and opinion leaders increasingly rely on CSOs for information, sectoral expertise and/or policy advice.

As the influence of CSOs continues to grow, they are also attracting greater public scrutiny, prompting calls for greater accountability. Some government authorities, notably parliamentarians in developing countries, have begun to question who CSOs represent and how much weight should be given to their views vis-à-vis the views of elected officials and other stakeholders. There has been growing interest from within the civil society sector, as well as from governments and donors, in the use by CSOs of codes of conduct, accreditation programs and forms of benchmarking that encourage the common pursuit of good practice in performance, accountability and transparency in their management and operations. At the same time, many governments and international agencies have taken steps to adapt to this changing civil society and governance landscape, in some cases including civil society representatives in national delegations or policy setting bodies. This in turn has led to calls for the Bank to review its own norms and mechanisms for engagement; to further mainstream participation in Bank-supported research and analysis, policy dialogue and operations; and to encourage member governments to open space for civic engagement in development policy making and programming.

The changes in civil society also have prompted an evolution in the styles of CSO engagement with the Bank and other multilateral institutions in recent years. On one hand, unprecedented numbers of CSOs are involved in implementing Bank-supported projects, as contractors or as grant recipients. On the other hand, CSOs have organized extensive protests and advocacy campaigns targeting Bank and other international meetings, which have been viewed by some as evidence of a crisis in CSO confidence in multilateral institutions. These protests warrant measured analysis. Some have been rooted in growing public concerns about globalization and persistent social and economic inequities, and in opposition to governments' structural adjustment and economic reforms. Others have been aimed directly at Bank policy and lending decisions, or dissatisfaction with the process or outcomes of Bank-supported consultations. Even when the responsibility for the decision or process in question rests with an individual government, CSOs often believe that targeting the Bank, with its political and financial clout and international media scrutiny, is more likely to get attention and force change than targeting the government involved. There was an overall shift toward more peaceful engagement in the wake of the violence which occurred in 2000 and 2001 at the international meetings in Prague, Quebec, and Genoa, and particularly after the September 11, 2001 terrorist attacks, but experience shows that some groups remain committed to using obstructive tactics or even violence. With these more militant groups, there is little basis for the Bank to expect that constructive relations are possible or desirable. However, the evolution of the World Social Forum (WSF) and other civil society forums suggest that even some of the more radical social movements may be maturing, recognizing the need to move beyond using protest as an advocacy tool and engaging policy makers in serious debate about policy alternatives.

Recent Bank/IMF Annual and Spring Meetings, where substantive dialogue has occurred as well as protests, demonstrate the complex relations that often exist between CSOs and the Bank. It is important for the Bank and its member governments to recognize that many CSOs feel it is appropriate to play dual roles as critics and allies. Critical advocacy

and peaceful protest have played important roles in the past in promoting effective reform and policy changes, such as the adoption of expanded debt relief, environmental and social safeguard policies, information disclosure and the Inspection Panel. Today, CSOs are appealing to the Bank to tackle a new generation of development challenges, such as ensuring debt sustainability after debt relief has been provided, thorough application of safeguards, protection of human rights, and increasing the voice and participation of developing country governments and their citizens in global decision-making processes. Many of these issues are at the heart of the evolving relationship among the Bank, its member governments, CSOs, and the private sector, and relate to difficult questions of country ownership, sovereignty, and political power. The Bank and its member governments should seize the opportunity to strengthen relations with CSOs which may represent constituencies sympathetic to the protesters' messages, yet which opt for constructive engagement rather than confrontation. Particular emphasis should be on building relations with groups which empower poor people and have the analytical skills, operational capacity, and/or networks to contribute to the global effort to reach the MDGs.

As CSOs become more influential actors in public policy and in development efforts, the Bank's business case for engaging CSOs grows stronger, as a key component of an effective institutional strategy for poverty reduction. Civic engagement, including the integration of poor people's voices and citizen participation into public policy, is an important means for the improvement of service delivery schemes and accelerating progress toward the MDGs, as outlined in the World Development Report 2004: *Making Services Work for Poor People*. As an inter-governmental institution, the Bank's challenge is to promote civic engagement that helps member governments exercise their leadership role to promote sustainable development and achieve the MDGs in a cost-effective, participatory, equitable and accountable manner.

The analysis in this paper points to four main issues and challenges for the Bank as it seeks to achieve more constructive and effective engagement with CSOs in the future:

Issue 1: Promoting best practices for civic engagement

The Bank's mainstreaming of civic engagement has led to a wide variety of approaches and practices, some more effective than others. This variety can result in dissatisfaction among Bank staff, member governments and CSOs in terms of the quality and outcome of the engagement. The solution lies in finding better ways of promoting and sharing good practices across the Bank, and also in soliciting regular feedback from member governments and CSOs on the strengths and weaknesses of the Bank's engagement practices.

Issue 2: Closing the gap between expectations, policy and practice

The gap between the Bank's messages and corresponding expectations, policies and practices suggests a number of constraints to effective Bank-CSO engagement. Taking

further steps to close this gap can help to promote more constructive and effective relations in the future.

Issue 3: Adapting to changes in global and national civil society

Significant changes in global and national civil society have occurred over the last several years, which warrant adjustments in the ways the Bank engages with CSOs institutionally.

Issue 4: Achieving greater Bank-wide coherence and accountability

The decentralized responsibility in the Bank for engaging CSOs is a major challenge that poses both opportunities and risks. This calls for reviewing the management and staffing arrangements and improving the mechanisms to achieve greater Bank-wide coherence, coordination and accountability.

To address these issues, 10 priority actions are proposed:

- Establish new global mechanisms for Bank-CSO engagement to help promote mutual understanding and cooperation.
- Establish a Bank-wide advisory service/focal point for consultations and an institutional framework for consultation management and feedback.
- Pilot a new Bank-wide monitoring and evaluation system for civic engagement.
- Conduct a review of Bank funds available for civil society engagement in operations and policy dialogue, and explore possible realignment or restructuring.
- Review the Bank's procurement framework with a view toward facilitating collaboration with CSOs.
- Institute an integrated learning program for Bank staff and member governments on how to engage CSOs more effectively, as well as capacity-building for CSOs on how to work effectively with the Bank and its member governments.
- Hold regular meetings of senior management, and periodically with the Board, to review Bank-civil society relations.
- Develop and issue new guidelines for Bank staff on the institution's approach, best practices, and a framework for engagement with CSOs.
- Emphasize the importance of civil society engagement in the guidance to Bank staff on the preparation of the CAS as well as in CAS monitoring and evaluation.
- Develop tools for analytical mapping of civil society to assist country and task teams in determining the relevant CSOs to engage on a given issue, project or strategy.

A number of other options for improving the Bank's engagement with CSOs require further discussion among Bank management, member governments and CSOs, and are outlined in Section 7 of this paper.