

Paper Number 28
August 11, 1998

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

(incorporating “Cooperation
between the World Bank and
NGOs: FY97 Progress Report”)

*The NGO Unit
Social Development*

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Cooperation Between the World Bank and NGOs:
FY97 Progress Report

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THE BANK'S RELATIONS WITH NGOS: ISSUES AND DIRECTIONS

I. OVERVIEW

1. The purpose of this paper is take stock of Bank-NGO relations and to help build consensus around the proposed way forward. The paper is not meant to be comprehensive, but should be viewed in the context of a number of other documents¹ on NGO relations which have been distributed over the past year. It also draws on the ongoing work by OED.² The paper incorporates the comments and suggestions of the Executive Directors made at the Board Seminar on Bank-NGO relations held on March 10 and 12, 1998.

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

3. This paper focuses on the need to maintain an appropriate balance in the Bank's relations with NGOs. It also covers five specific issues: ensuring that selection of NGOs with which the Bank interacts is appropriate, is based on strong knowledge of the local NGO community and clear criteria, and is done with due regard to the prerogative of governments; clarifying the involvement of NGOs in commenting on draft policies; improving disclosure of information, particularly regarding NGO involvement in the CAS; disseminating the Bank's views on the funding of NGOs through Bank-supported development activities; and understanding more clearly the role of civil society in development and the relationship of NGOs to the other civil society actors.

4. The paper emphasizes the continued need to build the public constituency for the Bank's policies and programs—and for development assistance in general. It also calls for further work to be undertaken in developing a broader understanding and Bank approach toward the role of civil society in development.

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

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

II. AN EVOLVING RELATIONSHIP

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

A. The NGO Sector

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

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

8. *Rapid Growth of NGOs.* Throughout the 1980s and 1990s, the increasing importance of NGOs has been evidenced by their rapid growth in numbers in most countries; the volume of grant funding for development raised or managed by them; their contributions to important development objectives (such as participation, micro-finance, health, education and targeting of vulnerable groups); and their ability to influence the opinions of decision-makers and the public.⁴ These and other factors have made NGOs increasingly important actors in the development process—and hence of increased importance to the Bank.⁵

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

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

⁴ Adele Woods, *The Facts About NGOs Active in Sustainable Development*, OECD Development Centre, Paris, 1998 (draft, OECD).

⁵ This evolution and the implications for the Bank are described in “*NGOs and the Bank*,” (*op. cit.*)

Box 1. NGOs and Civil Society

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

NGOs comprise a sub-set of civil society—a broader term which encompasses all associational activity outside the orbits of government or the for-profit sector. Other civil society organizations (CSOs) include trade unions, religious institutions, professional associations, and academic bodies. The rapid growth of civil society and its relevance to development was a major theme addressed by governments participating in the UN's Social Summit held in Copenhagen in 1995. Although the Bank often has interactions with other CSOs, this is beyond the scope of this paper.⁶ This issue has been discussed to some degree in the context of the Bank's work on "good governance," which also examines how government policies can influence the strength of the NGO sector.⁷

There is an emerging sense of identity among civil society organizations that transcends international boundaries. But there are also considerable differences in specific national circumstances. In some countries NGOs are more prominent than other sectors of civil society, in other countries there is still relatively little NGO activity, and associational life occurs at the community level or in recognized mass organizations. In yet others, the labor movement or religious organizations may be more prominent. For all these sectors of civil society, their relationships with their governments and with other sectors of civil society has become an increasingly important issue.

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

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

⁶ For a further discussion, see *NGOs and Civil Society: Definitions and Classifications* (op.cit).

⁷ *Governance and Development*, World Bank, 1992; *Governance, the World Bank's experience*, 1994.

12. **NGOs' Role in Development.** Until the 1970s, governments tended to see NGOs' relevance in terms of their humanitarian and emergency work. Since then attention has been focused on the broader—often pivotal—roles NGOs can play in participatory development, including targeting the poor and vulnerable minorities, giving voice to women at all levels of society, working with vulnerable children, stakeholder consultations, local-level research, micro-credit, conflict resolution, post-conflict reconstruction, tackling urban or domestic violence, strengthening mechanisms of governance, legal and human rights, and a variety of other functions. As the Bank has come to focus more strongly on results-oriented poverty reduction, partnership with organizations which can effectively meet these development needs has become increasingly important.

B. The Bank's Working Relationship with NGOs

13. The Bank adopted its first *Operational Policy Note on NGOs* in 1981. Since then, instructions have been issued guiding operational collaboration and other forms of interaction, subject to the host government's own policies regarding NGOs. The Bank's approach to NGO relations has been elaborated in a range of policies and operational guidelines including those centering on poverty, gender, indigenous people, resettlement, environmental assessment, environmental action plans, forestry, information disclosure; and in a number of key speeches by senior management.⁸ A status report is provided in the *Social Development Update*⁹, which was discussed at the Board on April 23, 1998.

14. **Growth of NGO Involvement in Bank-supported Projects.** While there were examples of NGO involvement in Bank activities in the 1970s, collaboration really only began to grow significantly in the 1980s, especially in the social and rural sectors. Most of this collaboration was with NGOs from developed countries. By 1990, NGOs were involved in about 12 percent of projects being implemented. Today, NGOs are involved in 38 percent of active projects; and in FY97, 47 percent of all approved projects involved NGOs to some degree. The majority of these NGOs are now from the developing countries.¹⁰ It must be stressed, however, that these statistics derived from analysis of Staff Appraisal Reports count the number of projects in which there is any NGO involvement. They also indicate intentions to involve NGOs, which may not always be realized in practice. Often the NGO aspect is no more than a consultation or involvement in a

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

⁹ "Social Development Update: Making Development More Inclusive and Effective" (May 8, 1998).

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

minor aspect of implementation. Though the statistics say little about the depth of NGO involvement, it is clear that this, too, has been growing over the years.

15. ***Stage of NGO Involvement in Bank-supported Projects.*** The stage at which an NGO becomes involved in a Bank-supported activity and the nature of that involvement varies widely from project to project. It depends on the relationship between the NGO and the borrower government, the type of project, the characteristics of the NGO, and other factors.¹¹ However, there has been an increasing tendency towards involving national and local-level NGOs, and towards earlier NGO involvement, as governments have sought to tap the local knowledge which certain NGOs have to offer during the project design stage. In 1990, NGOs were involved in only a handful of projects at the design stage; by FY97, of all approved projects involving NGOs, 60 percent began in the design stage.

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

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

18. ***Increasing Role of Resident Missions in Building NGO Relations.*** In particular, considerable importance has been placed over the last few years on strengthening Resident

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

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

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

Mission capacity to engage local NGOs in effective collaboration. There are now 37 specialist staff in Resident Missions—virtually all hired locally—whose primary responsibility is NGO/Civil Society work; and there are 26 more staff in Resident Missions who focus on NGO/Civil Society matters alongside other responsibilities.

19. *Bank Provision of Funds to NGOs through Development Activities.* An increasing portion of the Bank's investment lending is channeled through governments to NGOs, notably through social funds, rural development, health, education and other social sector projects. A recent OED/NGO Unit study of 7 countries¹⁴ showed that about \$900 million of Bank financing was allocated for disbursement through NGOs and community-based organizations in those countries in projects approved since FY85 (such financial information was only available for about one-third of the projects which cited NGO involvement). A major source of NGO funding worldwide is funds borrowed by governments from the Bank which are then channeled through NGOs. In addition, governments channel considerable sums of domestically-mobilized revenues through NGOs. The Bank also, of course, provides some direct grant-funding to NGOs for special programs.

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

21. *NGOs and Participation.* The increase in NGO involvement in Bank activities can be usefully viewed within the context of the growing emphasis which donors are placing on civil society participation in development processes. In 1994, the Board endorsed a Participation Action Plan which was the culmination of three years' inquiry and learning about improving the

¹⁴ Maria Grandison, *Survey Report on NGO/CBO Financing in Bank Projects*, OED 1997. A survey of 194 projects listed as involving NGOs in 7 countries (Bolivia, Brazil, India, Indonesia, Kenya, Mali and Philippines) yielded financial information on 61 projects. These combined allocated \$900 million for disbursements through NGOs and Community Based Organizations (CBOs) over the lifetime of the projects (and leveraged a further \$400 million of government, donor and other funding). This does not include the 133 projects for which data is not available in these same countries. This group of countries accounts for 23 percent of current projects with NGO involvement worldwide.

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

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

development effectiveness and sustainability of Bank activities through participatory development involving NGOs and other civil society groups.¹⁷ In 1996, the Executive Directors also discussed the recommendations of the Social Development Task Force which included, *inter alia*, the establishment of Regional Social Action Plans which specifically included promoting participation at the regional level.¹⁸ The consideration of participation is now reinforced by the new Project Concept Documents and Project Appraisal Documents which require the identification of stakeholder groups and a description of their planned involvement in the preparation and implementation phases of a project. The Bank also is continuing to explore ways of promoting participation more extensively in economic and sector work, including in country assistance strategies where governments also agree to include this dimension. Progress in this area is a key issue which NGOs and donors are already flagging in the context of IDA-12; and the Board is scheduled to discuss a progress report on the mainstreaming of participation in FY2000.

C. Bank-NGO Dialogue on Development Issues

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

Box 2. NGO -World Bank Committee

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

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

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

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

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

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

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

- ***First, Bank management and staff have made a much more systematic effort to reach out to NGOs in borrowing countries and to engage them on development issues.*** While earlier the dialogue with NGOs took place largely in Washington with international NGOs, the Bank and borrower governments are increasingly taking a proactive approach in organizing fora for discussing development issues with NGOs in-country. Expanding the Bank-NGO dialogue at the local level also has strengthened Bank contacts with developing-country NGOs and the dialogue has broadened to include other types of civil society organizations including trade unions, academic institutes, foundations, women's and peasants' associations, and other community-based organizations.
- ***Second, the Bank has established an expanded array of specific fora for in-depth discussion with NGOs and others on topics of mutual concern*** (e.g. gender, participatory development, forestry, impact of structural adjustment, micro-finance, social funds and impact of privatization). These fora are increasingly important mechanisms for ensuring that civil society concerns are considered during the drafting and implementing of new policies. The External Gender Consultative Group is one example. This group, formed after the Beijing World Conference on Women, comprises 14 members of women's organizations from around the world, and meets annually with the Bank to provide guidance in mainstreaming gender issues in the Bank's work. Another important forum for debate with civil society is the Structural Adjustment Participatory Review Initiative which is designed to bring civil society, governments and the Bank together to review the impact of adjustment programs in a range of countries (see Appendix, Section III). The increasing knowledge of civil society in Resident Missions and their enhanced capacity to engage with NGOs at the local level has enabled the Bank to become clearer about those NGOs which have relevant development capabilities and experience; those which are truly representative of the poor; and those which would not be appropriate partners.
- ***Third, the Bank has greatly intensified its efforts to work with NGOs, particularly in the developed countries, to build the public constituency for its own work – and for development assistance in general.*** NGO criticisms of the Bank combined with increasing public ambivalence toward development assistance—particularly in many

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

III. LESSONS OF EXPERIENCE

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

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

A. Experience with NGO Involvement

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

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

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

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

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

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

29. **Next Steps.** It must be emphasized that the factors relating NGO involvement to project performance have not been systematically researched—and this is an important topic for further

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

inquiry. Among other things, the Bank needs to develop the baseline data that would permit it to track with more sophistication the effectiveness of NGO involvement, and indicators that would enable it to assess the contribution of NGOs within the framework of our mandate of poverty reduction. Such analysis of the benefits and costs should then systematically be disseminated to help staff work more effectively with NGOs. A number of efforts in this direction are underway:

- *As previously mentioned, work in assessing the benefits and costs of working with NGOs is already being carried out by OED; the NGO Unit, the PREM Network, and the Quality Assurance Group are also undertaking efforts in this regard;*
- *The Knowledge Management System is being enhanced to incorporate lessons learned—and a Sourcebook on operational collaboration is being developed;*
- *The LLC and NGO Unit are developing plans for relevant training modules;*
- *The Bank is part of a new UN-wide process to share experiences and compare modalities and procedures in operational links with NGOs; and*
- *The Development Assistance Committee of the OECD provides a forum for sharing of methodologies and experience, for example, in the evaluation of the costs and benefits of collaboration with NGOs.*

B. Constraints and Costs

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

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

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

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

Activity	Role of NGOs	Outcome
Mongolia: Poverty Alleviation and Vulnerable Groups Project (FY96)	<ul style="list-style-type: none"> • Build government and community capacities • Extend geographical outreach and provide targeting of project benefits. 	International NGOs are providing training to local government officials in poverty awareness. Local NGOs assist in identifying the absolute poor population in mobilizing and training CBOs within vulnerable group organizations (VGOs). The NGOs, CBOs and local government are jointly developing subprojects, based on priorities identified by communities.
India: Sodic Lands Project (FY93)	<ul style="list-style-type: none"> • Develop income generating capacity of the poor • Encourage sustainability of Bank investments 	Indigenous NGOs worked with Local Development Councils to provide training to communities in planning and self-management, and to mobilize local Water User Groups. By the end of FY96, 5,225 such groups had been formed, and have taken over responsibility for basic planning, implementation, maintenance and evaluation of the project. Moreover, 1,500 of these groups have started savings and income generating activities. Among families associated with the project, and 491 Women self-help groups have been formed.
Senegal: Traditional Energy Project (FY97)	<ul style="list-style-type: none"> • Disseminate information and develop national interest around development agenda • Ensure affected people remain at center of implementation 	International and local NGOs have been key in developing national interest in the utility of traditional energy sector - which accounts for approximately 80% of energy production, but had received little investment from private sector or government. NGOs are providing training and technical expertise in the decentralization of responsibility for resource allocation to rural communities, and in using the proceeds from traditional energy production for investment in health centers, schools and rural infrastructure. Through NGOs, the project has also managed to involve marginalized groups, especially women, as active participants.
Kyrgyz Republic: People's Based Development Pilot Project (FY97)	<ul style="list-style-type: none"> • Mobilize and provide training to local communities to help manage local environment management programs 	Under the project, both national and locally based NGOs play an important role in training in environmental sanitation, local environmental management and consciousness raising. Over 70 NGOs are now involved in providing capacity building activities in areas of water supply and sanitation, afforestation, and local management of resources. The project is operating in 50 communities which are acting as demonstration areas for the country.
Indonesia: Jabotabek Urban Development Project (FY92)	<ul style="list-style-type: none"> • Build local capacities and promote sustainability of locally managed sanitation services 	An International NGO was contracted to develop the Kampong Improvement Program in the most densely populated of the 9 kampongs under the project. 60% of the population relied on public latrines and bathrooms or used nearby drainage canals. Through participatory process, the NGO worked with the community to develop a model facility and create a development committee with responsibility for management. Collection, transportation and disposal of wastewater and sewage are now managed by the community.
Pakistan: Ghazi Barotha Hydropower Project (FY96)	<ul style="list-style-type: none"> • Help ensure that mitigating measures are appropriately planned and effectively implemented • Minimize delay of project implementation through providing access to information for people affected by the project. 	The project's early consultations with NGOs, the formation of an Independent NGO Standing Committee (made up of NGOs and the project authority) and the establishing of Project Information Centers have widened the flow of project information. As a result of the participatory methodologies introduced, there is a deeper partnership between government, NGOs and affected people.
Argentina: PROINDER - Rural Poverty Alleviation Project (FY97)	<ul style="list-style-type: none"> • Strengthen government capacity, expedite implementation • Provide better targeting of project benefits 	NGOs provided training which has improved the technical capacity of local governments jointly implementing the project. The participatory approach in design established a consensus which enabled the project to move swiftly to disbursement. Two audits—one internal and one external—found that involvement of NGOs resulted in better targeting of the rural poor.

Box 4. OED's Forthcoming NGO Study*

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

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

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

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

* The OED's report “NGOs in Bank-Supported Projects” is now completed (Report No. 18399, September 14, 1998).

IV. EMERGING ISSUES

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

32. Clearly, the main purpose of the Bank is to support government development programs, for which governments are firmly in the driver's seat. In supporting such programs, the Bank should not carry out activities with NGOs without government knowledge and consent. At the same time, with due respect to the prerogative of government as the Bank's primary interlocutor,

the Bank has a responsibility to listen to and learn from a range of stakeholders and to make independent, professional, and well-informed judgments.

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

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

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

35. The challenge for the Bank is to strike the right balance between interacting with NGOs in order to improve the development effectiveness of its work, and ensuring that this is done within the proper framework of its relationship with its borrower governments. When NGOs play a role in Bank-supported activities, the Bank also needs to understand the local context within which NGOs operate; to respect existing deliberative processes which governments engage in; and to keep the Board informed of major new initiatives involving NGOs. Five key issues are critical to the Bank's work with NGOs.

36. *Issue One: Clear Criteria for NGO Partnerships.* Not all NGOs have interests that are relevant to the Bank's development goals or the skills to contribute to Bank-supported activities; and some borrowers have raised questions about whether the Bank is sufficiently attentive to such issues.

37. While distinctions can be made between NGOs whose primary purpose is advocacy and operational NGOs whose primary purpose is the creation of development programs, in practice the dividing lines are often blurred. Thus, improving the Bank's ability to differentiate among NGOs and establish effective development relationships requires better knowledge of the local country context and of the NGOs, which can enhance poverty reduction, sustainability or efficiency objectives.

38. Developing effective partnerships also requires careful adherence to established selection criteria, which include:

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

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

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

41. To address concerns on this issue, when it decides that particular policy formulation would benefit from consultation with external specialists, Management will take the following steps:

- *inform Executive Directors in writing (after Operations Policy Committee Review) about plans for external consultations on draft policies with NGOs, and the proposed nature and purpose of those consultations;*
- *make available to Executive Directors, on request and for information, drafts shared with external reviewers;*
- *convey to external parties more clearly if there is need for confidentiality or other special requirements during the consultation on draft policies—and exclude those NGOs which are not willing to play by mutually agreed rules; and*

- *at the same time, strengthen internal coordination processes through which the Bank determines its response to controversial NGO-related issues.*

42. Bank management will ensure transparency in the selection process for consultations and will ensure that such consultations build on (and do not duplicate) the open deliberative processes which already exist in many countries.

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

44. To help promote this balance—and recognizing the diversity of country interests on this issue—the Bank will henceforth issue, with the government's consent, a CAS Public Information Notice (CPIN) after Board discussion of the CAS. The CPIN will summarize key elements of the country's economic and social situation, development agenda, and Bank strategy. At the request of the government in question, the Bank will also make the CAS itself publicly available after Board discussion.

45. ***Issue Four: Funding of NGOs.*** Through its lending operations, the Bank is already (indirectly, via governments) a substantial source of funding to NGOs (this includes the financing of project components implemented by NGOs). Some funding is also provided through the administrative budget when NGOs are used as advisors on ESW, for example. In addition, a limited amount of grant-funding is channeled through NGOs under special World Bank programs such as the small grants program. Given the expanding relationship with NGOs, however, the question of whether *additional* funding mechanisms may be required has been raised.

46. The Bank's objective, of course, is not to fund NGOs as ends in themselves, but rather to fund development activities to which NGOs might make a valuable contribution. In that context, the Bank believes that existing instruments already afford adequate capacity for this. Further work needs to be undertaken to assess the impact of such funding. The Bank's partnership strategy (described in "Partnership for Development: Proposed Actions for the World Bank", May 21, 1998) recognizes the key role of civil society organizations in the processes of defining strategic priorities, consensus and strategy implementation. The specific role that NGOs might play in a given partnership framework and the funding arrangements necessary for this would be determined by governments and others at the country level.

47. *Issue Five: Understanding the Nature of NGOs and Civil Society.* The Bank has long experience working with NGOs, community-based organizations and academic institutions. In recent years, however, the Bank has come increasingly into contact with other sectors of civil society including parliamentarians, religious institutions, trade unions, professional associations, and chambers of commerce, among others. What their contribution is to development, and how they may contribute to the objectives of the Bank in the context of a framework agreed with the government, has become a matter of increasing importance and timeliness. A learning program will be undertaken to help the World Bank develop a deeper and more nuanced understanding of these issues.

V. CONCLUSIONS

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

**Cooperation between the World Bank and NGOs
FY97 Progress Report**

**NGO Unit
Social Development Department
June 1998**

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I. INTRODUCTION

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

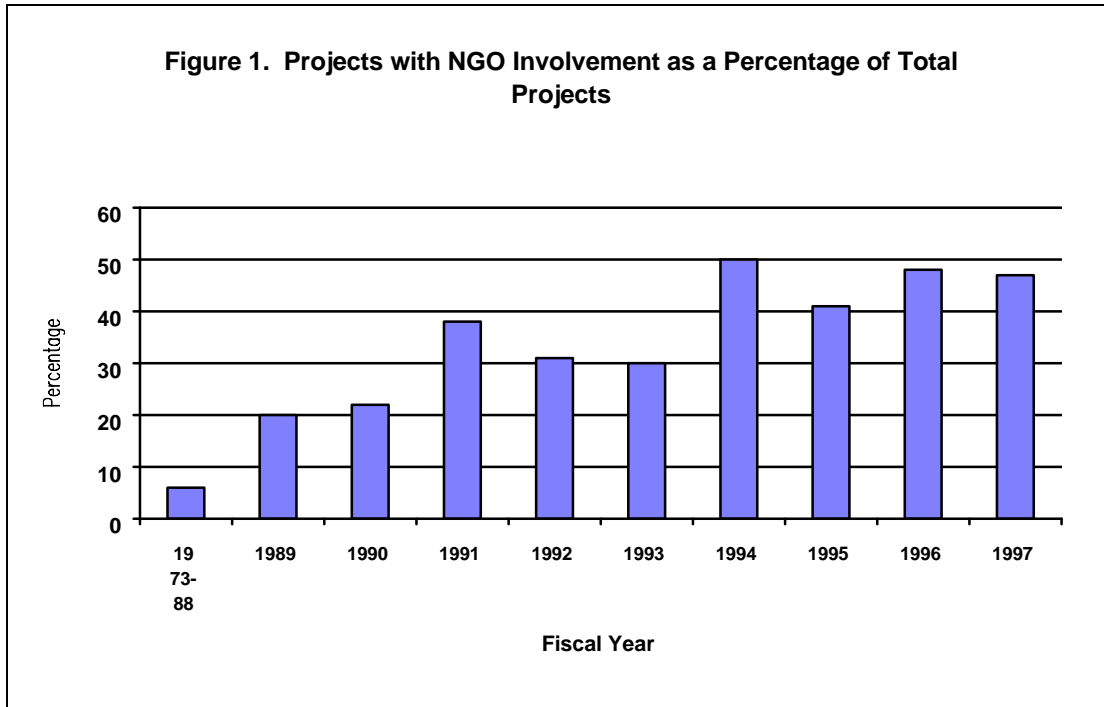
2. The Bank continues to follow the three-pronged approach set out in "NGOs and the Bank", 1996: strengthening operational collaboration; improving dialogue on development policy; and helping improve the effectiveness of NGOs in developing countries, especially by fostering a more enabling policy environment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

II. OPERATIONAL COLLABORATION

Quantitative Summary of Bank-NGO Collaboration in FY97

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

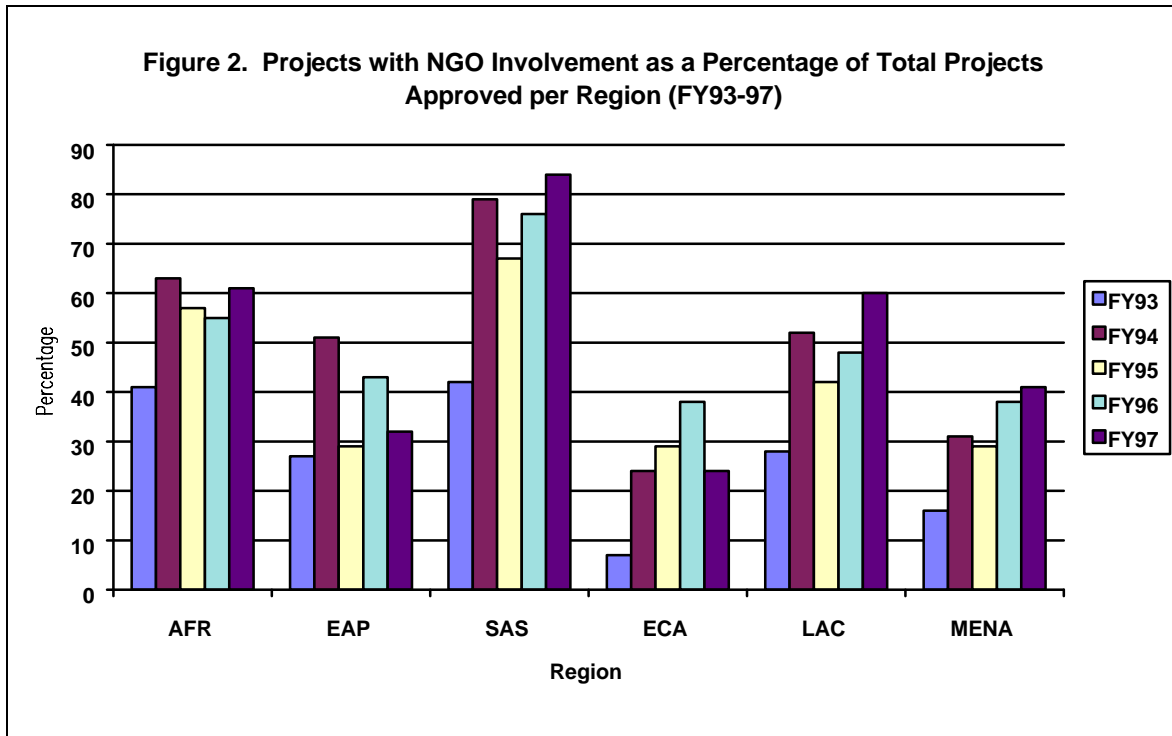
Figure 1. Projects with NGO involvement as a Percentage of Total Projects (FY73-97)



a) Regional and Sectoral Trends

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

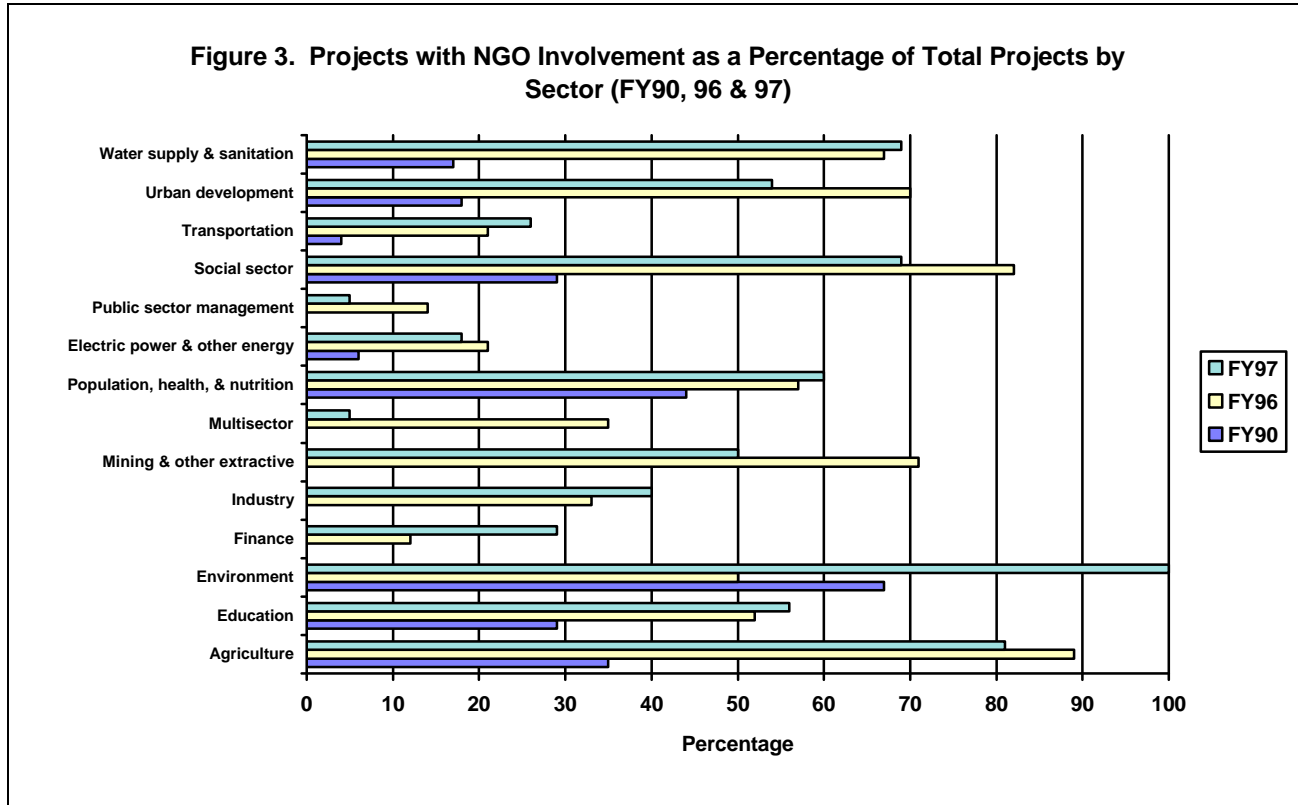
Figure 2. Projects with NGO Involvement as a Percentage of Total Projects by Region (FY93-97)



5. Similarly, the Agriculture, Education, Population, Health and Nutrition (PHN) and Social sectors - where NGO involvement has been traditionally more prevalent - continue to represent the highest proportions of projects with NGO involvement. Figure 3 illustrates the percentages of total projects with NGO involvement *by sector*. Eighty-one percent of all projects in Agriculture involved NGOs, while 56%, 60% and 69% did so in the Education, PHN and Social sectors respectively. In recent years, the area of Water Supply and Sanitation (WSS) has seen significant growth in the involvement of NGOs, and particularly CBOs. Only 18% of WSS projects involved NGOs in FY90, whereas 66% and 69% did so in FY96 and FY97. Local-level CBOs in particular participate in the design, operation and maintenance of community-level activities, and often assume responsibility for and ownership of them during the life of the project. Each of the 12 projects in the environment sector provided for the involvement of NGOs to some extent.

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

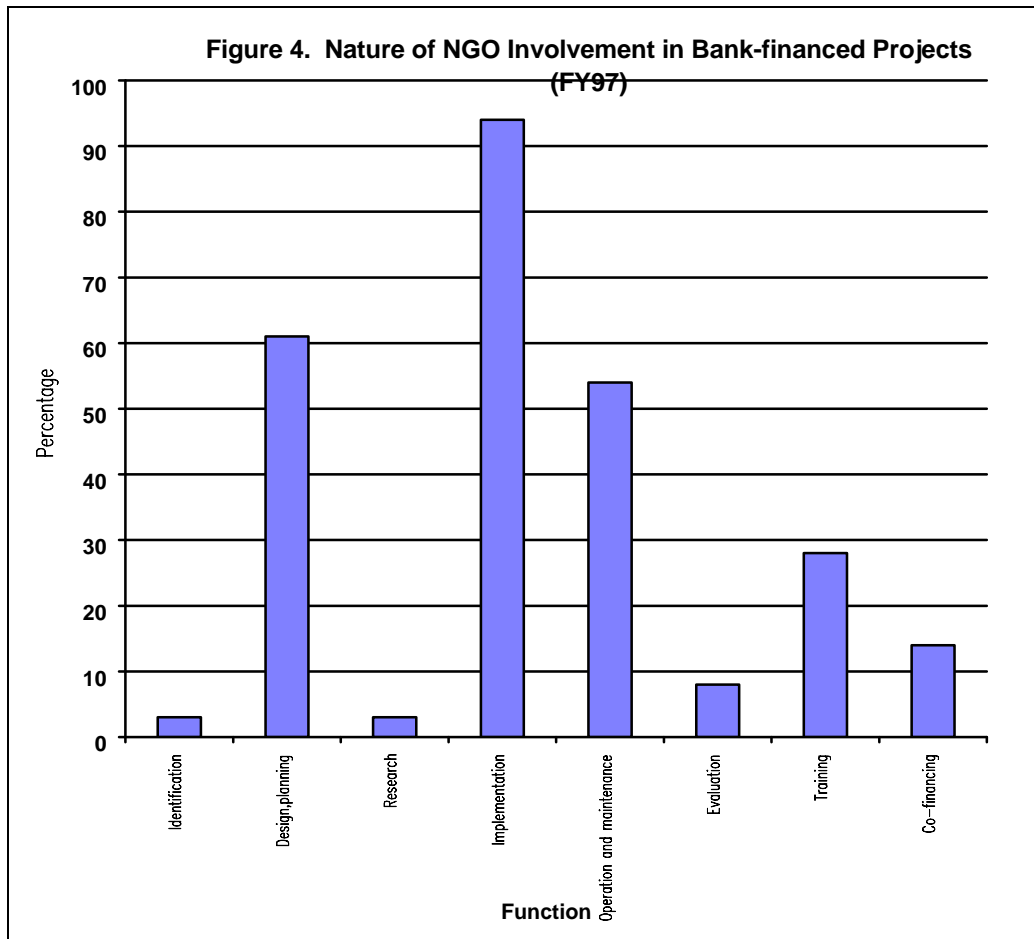
Figure 3. Projects with NGO Involvement as a Percentage of Total Projects by Sector (FY90, 96 & 97)



b) Nature of NGO involvement

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

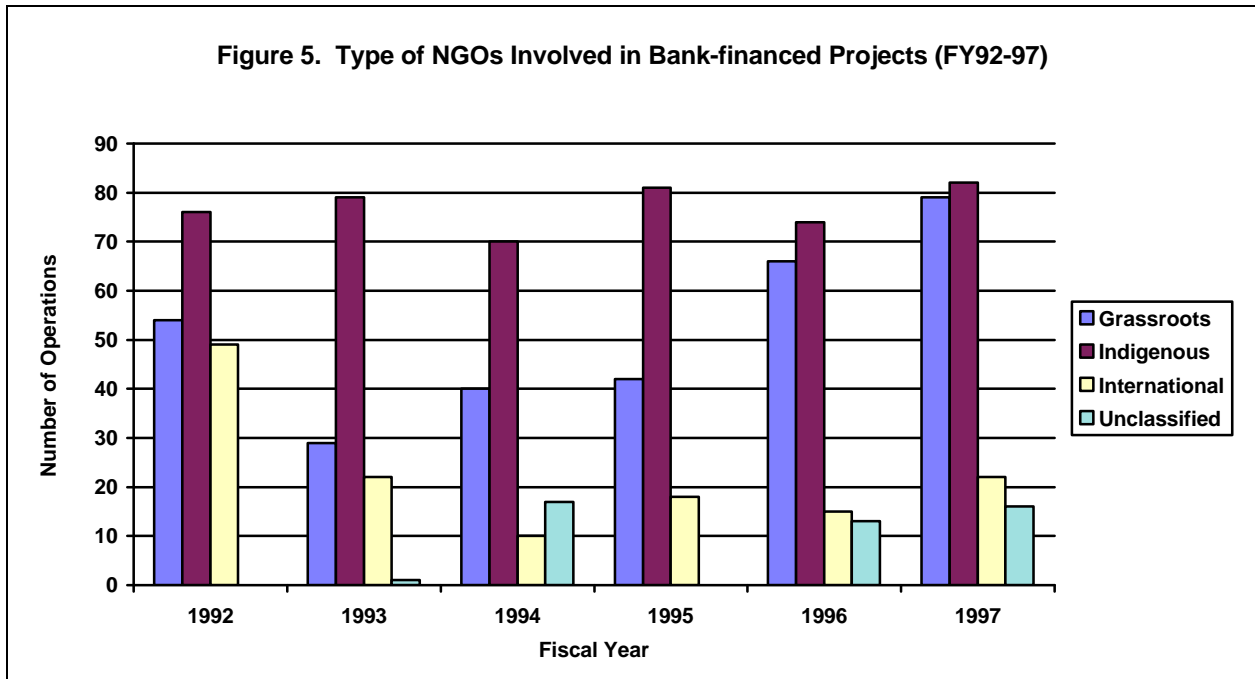
Figure 4. Nature of NGO Involvement in Bank-financed Projects (as a percentage of total NGO involved projects)



c) Type of NGO

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

Figure 5. Type of NGOs involved in Bank-financed Projects (as a percentage of total NGO involved projects) - FY92-97



d) Annual Report on Portfolio Performance

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

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

Promoting Bank-NGO Collaboration

11. The Strategic Compact, approved by the Bank's Board of Directors in March 1997, placed a new emphasis on social development. Shortly before this, the NGO Unit joined the Social Development Family in the Environmentally and Socially Sustainable Development (ESSD) Network, as part of the Bank's restructuring. From its home in the Social Development Anchor the NGO Unit collaborates closely with NGO Specialists in the Resident Missions and NGO contact people in the Regions who are also members of the Social Development Family. Further, in keeping with the network system's focus on internal partnership, an NGO Thematic Team has been developed to help coordinate the on-going efforts in each of the networks regarding Bank-civil society relations.

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

a) Strengthening NGO Relations at the Local Level

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

14. In order to *guide and facilitate* the growing interaction between the Bank and civil society organizations, NGO Specialists have been appointed in Resident Missions. Local knowledge of the NGO sector is essential in order to build strong partnerships which will contribute most effectively to participatory development, poverty reduction and social inclusion. The NGO Specialists have grown to represent a considerable proportion of the Bank-wide Social Development Family. Since the earliest appointments in 1995, the number of NGO Specialists has increased. At the end of FY97, 63 Resident Missions had staff specifically assigned to work with NGO/Civil Society issues.

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

NGO Specialists Global Learning Forum

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

b) Social Investment Funds

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

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

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

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

c) Small Grant Funding

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

Examples of FY97 Small Grantees

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

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

III. POLICY DIALOGUE

NGO - World Bank Committee

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

a) Africa

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

b) South and East Asia

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

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

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

c) Latin America and Caribbean

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

SAPRI

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

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

Participation

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

Country Assistance Strategy (CAS)

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

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

IV. ENABLING ENVIRONMENT FOR NGOs and CIVIL SOCIETY

Laws Governing Non-governmental Organizations

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

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

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

Capacity Building for NGOs

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

V. INTERNAL AND EXTERNAL PARTNERSHIP

Europe and Central Asia

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

Middle East and North Africa

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

The Economic Development Institute

35. The Economic Development Institute (EDI) was created in 1955 to provide training in subjects related to economic and social development to government leaders and central and local policy makers, as well as representatives from the private sector, non-governmental organizations and other actors of civil society in the World Bank's client countries. In order to increase the outreach and impact of its programs, EDI partners with teaching and research institutions, and in many cases NGOs, to generate, share, and apply knowledge at all levels. EDI plays a catalytic role in bringing together networks of expertise as well as users and beneficiaries in program areas ranging from poverty reduction and environmental management to education technology. More information is available on EDI's website at <http://www.worldbank.org/html/edi/home.html>.

36. Over this fiscal year, EDI has continued to contribute to the Bank's growing body of knowledge in the area of partnership and capacity building. For example, the Building Partnerships for Poverty Reduction program supports the capacity building and networking of NGOs in Latin America, and aims to increase the participation of citizens, civic organizations, and businesses in the design and implementation of antipoverty policies and programs. Similarly, the Grassroots Management Training (GMT) and the Banking With The Poor (microfinance institution building) programs are collaborating with NGOs and government agencies to develop awareness-raising and training programs for micro-entrepreneurs in management, financial and marketing skills in Africa, the MENA and LAC regions, and India.

37. As part of its strategy to focus on multi-sectoral audiences for sustainable development, EDI's Environment and Natural Resources Division (EDIEN) collaborated with The Earth Council (an international NGO based in San Jose, Costa Rica) to organize a training seminar for members of National Councils for Sustainable Development (NCSDs) or equivalent bodies in Central America. The seminar, "Economic Globalization and Sustainable Development in Central America", was held in San Jose, Feb. 2-7, 1997. The objective of the workshop for NCSDs was to promote better understanding of the economic and sectoral policy reforms that impact on the environment and to help build up multi-sectoral constituencies for "win-win" reforms. Having fulfilled this objective, EDI and The Earth Council are jointly organizing a follow up workshop for 1998 to meet demands from the NCSD groups in the region for further training on (i) clarifying the role and mandate of NCSDs in promoting sustainability; and (ii) applying tools and methodologies for use by NCSDs to integrate environmental and social aspects into economic development.

38. EDI's girls' education program is centered on the Partnership for Strategic Resource Planning (SRP) - a multi donor effort to collaborate with African countries working to achieve education for all. The Partnership is led by a pan -African NGO network called the Forum for African Women Educationalists (FAWE). FAWE's membership consists of women ministers and deputy ministers of education, vice-

chancellors and other senior women policy makers in education, and illustrates the power of committed women at policy making levels to unite and become a genuine political and intellectual force. FAWE provides extensive outreach through its national chapters in 31 countries. As Joint Secretariat for the Partnership, FAWE and EDI manage the US\$ 3.5 million SRP program promoting capacity building and encouraging government responsibility in the efficient use, mobilization and re-allocation of resources in the education sector. The SRP process provides FAWE and participating ministries of education a management tool with which to formulate policy recommendations and implement reforms aimed at increasing access to and improving the quality of education.

39. In June, EDI sponsored the Global Knowledge '97 Conference in Toronto, Canada. The theme of the conference was "knowledge for development in the information age." NGOs such as the Commonwealth of Learning, the British Council, and the Aga Khan Development Network played a vital role in the development of the conference program, and in financing the participation of representatives from developing countries. Cooperation with and among these organizations continues under the umbrella of the Global Knowledge Partnership. Also in June 1997, EDI launched the World Links for Development Program (WorLD). The WorLD program works with NGOs - such as International Education and Resource Network (I*EARN), the Global Schoolnet Foundation, and the Global Learning and Observations to Benefit the Environment - GLOBE Program - and other organizations providing education and distance learning programs in participating countries and around the world, to illustrate to governments and the private sector the benefits of using new technology for investing in the education of children. The program's goal is to link students and teachers in at least 1,500 secondary schools in 40 developing countries by the year 2000. Through the program, which is being piloted in Uganda, Senegal and Ghana, students in developing countries exchange science projects, writing exercises, historical perspectives, and artwork with each other and with their peers around the world.

The Consultative Group to Assist the Poorest

40. In its second year of existence the Consultative Group to Assist the Poorest (CGAP) continued to support the development of sustainable micro-finance institutions through i) the identification, analysis and dissemination of good-practice lessons, ii) the continued development of operationally oriented technical tools, such as the CGAP appraisal format, the Microfinance Practical Guide; and the Business Planning and Financial Modeling tool; and iii) grants to micro-finance institutions (including NGOs) delivering credit and savings services to the very poor. **CGAP grants are made on the basis of an institution's ability to demonstrate that it reaches the very poor with financial services, and its commitment towards achieving full financial self-sufficiency.** (See CGAP's web site at <http://www.worldbank.org/html/cgap/cgap.html> for more information).

41. When CGAP was initiated in 1995, a three-year, US\$32 million “core fund” was established, the majority of which (US\$27 million) was provided by the World Bank. As of the end of FY97, CGAP had committed grants totaling US\$16.4 million to a wide range of funding institutions, thus supporting the Bank’s commitment to supporting sustainable, local development activities. Examples of microfinance programs supported through CGAP are illustrated in the box below.

Compartamos, Mexico, US\$2 million

Compartamos is a village banking program run by a local NGO called Gente Nueva. Compartamos operates in the rural parts of southern Mexico. It uses the village banking methodology making loans to village-based groups that on-lend to members. Compartamos’ clientele live in Mexico’s poorest states and are all poor, rural, self-employed women. The average loan balance (US\$36) is only 1% of the Mexican GDP per capita, the lowest for a micro-finance institution in Mexico. By the end of 1996, after only three years of operation, Compartamos had built a customer base of nearly 30,000 rural women and a portfolio of \$1.2 million.

The institution is led by an experienced management team with clear vision and an ambitious goal to become a formal financial institution that will leverage increasing amounts of private funds to meet a greater portion of its estimated market of three million poor, rural women. Support from CGAP will enable Compartamos make the transition from a multi-purpose NGO to a micro-finance bank, and establish a sustainable micro-finance institution in Mexico. It will also generate lessons for the field on institutional expansion and transformation.

SHARE, India, US\$2 million

SHARE was established in the state of Andhra Pradesh in India in April 1993. SHARE is an NGO implementing the Grameen Bank methodology of lending to solidarity groups of rural poor women. In its three years of operation, SHARE has grown to serve 3,361 members, and as of August 1997 had 2,940 active loans, and an outstanding portfolio of over US\$300,000. SHARE targets exclusively poor rural women through a thorough means test. The loan balance per client as a proportion of GDP per capita is roughly 45 percent.

SHARE has wisely invested in its staff and systems up front and is poised to reach over 11,000 clients and full financial self-sufficiency by the end of 2000. It is on a clear path towards full financial sustainability, and has demonstrated the leadership, staff, structure, systems, methodology, focused mission and action plan to become a leading micro-finance institution in the near future. Funding from the CGAP grant will be used to build management skills and systems to manage a growing loan portfolio and greater number of clients. Each tranche of funding is conditional upon SHARE keeping its portfolio at risk below 5 percent for more than 30 days, increasing operational efficiency, expanding outreach and achieving full financial sustainability by the end of 2000.

42. In addition to the CGAP, the Sustainable Banking for the Poor (SBP) project provides good practice guidance in the area of microfinance services to the poor. The SBP project is a partnership between the World Bank, the Royal Ministry of Foreign Affairs of Norway, the Swiss Development Corporation (SDC), and the Ford Foundation. A series of case studies of microfinance institutions in Asia, Africa, and Latin America is currently being carried out, which identifies those programs which have pioneered innovative approaches for reducing the costs and risks of providing financial services to a

large number of low-income clients. The case studies cover a wide range of types of institutions and programs, including commercial banks specialized banks, credit unions, NGOs and non-bank financial institutions. Based on these case studies, the project has produced a number of publications which distill lessons for policy formulation, program design and implementation. A world-wide inventory of micro-finance institutions was completed in 1996 and is available on the SBP website (<http://www-esd.worldbank.org/html/esd/agr/sbp/>).

Environment

a) Rio + Five Earth Summit

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

b) The Global Environment Facility

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

45. The *Philippines Biodiversity Project* approved in FY97 illustrates the contribution of NGOs to effective implementation of GEF biodiversity protection programs. This project also aims to introduce a decentralized management system of forest resources by user groups. The NGOs for Integrated Protected Areas, Inc. (NIPA) is contracted to

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

identify and involve direct beneficiaries in the protection and preservation of forest resources. These NGOs are responsible for designing participatory implementation arrangements to ensure the people's willingness to maintain and support the protected parks.

c) Bank-WWF Alliance for Forest Conservation and Sustainable Use

46. In June, Mr. Wolfensohn committed the Bank to a global alliance with the World Wildlife Federation (WWF) to support the conservation and sustainable use of the world's forests. *The WB-WWF Alliance for Forest Conservation and Sustainable Use* was formed to help better meet requests for technical and financial support by governments committed to the international Convention on Biodiversity, as well as WWF's Forest for Life Campaign, which aims to create a national system of forest protected areas covering at least 10% of each forest type by the year 2000. The targets of the Alliance are to bring under independently certified sustainable management i) 50 million hectares of effectively protected priority forest areas, and ii) 200 million of the world's production forests by the year 2005. The Alliance will seek partnership with governments as well as bilaterals, NGOs and forest stakeholders to develop country-specific plans of action to meet these targets. A founding workshop for the Alliance is scheduled to take place in November, 1997.

d) Bank-IUCN Joint Initiative on Large Dams

47. The *World Bank/IUCN - World Conservation Union Joint Initiative on Large Dams* was initiated at a workshop held in Gland, Switzerland. The workshop brought proponents, critics, and specialists together to discuss issues on the subject of Large Dams in an "open, transparent and rigorous process." Participants committed to forming an international Commission to review the development effectiveness of large dams and their alternatives, and to develop standards, criteria, and guidelines to advise future decision making. An Interim Working Group was established in June, and is overseeing the Commission, which will be launched officially in November, 1997.

FY97 WORLD BANK FINANCED PROJECTS WITH NGO INVOLVEMENT

1. Algeria	Rural Employment
2. Argentina	Provincial Agriculture Development I
3. Argentina	Flood Protection
4. Argentina	Mother and Child Health II
5. Argentina	B.A. Urban Transport
6. Argentina	Northern Forest Protection
7. Argentina	AIDS Prevention and STD Control
8. Argentina	Social Protection II
9. Armenia	Enterprise Development
10. Azerbaijan	Farm Privatization
11. Bangladesh	Rural Roads and Markets II
12. Bangladesh	Poverty Alleviation
13. Belize	Social Investment Fund
14. Benin	Transport Sector
15. Bosnia Herzegovina	Emergency Demobilization and reintegration
16. Bosnia Herzegovina	Emergency Public Works and Employment
17. Bosnia Herzegovina	Local Initiatives
18. Brazil	Land Reform Pilot
19. Brazil	Rural Poverty (RGN)
20. Brazil	Rural Poverty (PE)
21. Brazil	Regional Land Management/Poverty Reduction
22. Brazil	Rural Poverty (PIAUI)
23. Brazil	Agricultural Research IV
24. Brazil	Ceara Water Pilot
25. Burkina Faso	Mining Capacity Building
26. Burkina Faso	Post-Primary Education
27. Cambodia	Disease Control
28. China	Qinba Mountains Poverty Reduction
29. China	National Rural Water III
30. China	Xiaoliongdi Multi-sector II
31. China	Basic Education IV
32. China	Heilongjiang ADP
33. Comoros	Education III
34. Comoros	Agricultural Services Pilot
35. Cote d'Ivoire	Rural Land
36. Croatia	Coastal Forest Reconstruction
37. Dominican Republic	National Highway
38. Ecuador	Agricultural Research
39. Ecuador	Judicial Reform
40. Egypt	Education Enhancement
41. Georgia	Power Rehabilitation

42. Ghana	Village Infrastructure
43. Guatemala	Basic Education
44. Guinea	Third Water Supply
45. Guinea Bissau	Basic Education
46. Haiti	Forest and Parks Technical Assistance
47. Honduras	Rural Land Management
48. India	State Highways
49. India	Tuberculosis Control
50. India	Malaria Control
51. India	Reproductive Health
52. India	AP Irrigation III
53. India	Ecodevelopment
54. India	Environmental Capacity Building Technical Assistance
55. India	Rural Women's Development
56. India	AP Emergency Cyclone
57. Indonesia	Central Indonesia Secondary Education
58. Indonesia	Bali Urban Infrastructure
59. Indonesia	Village Infrastructure II
60. Jamaica	Social Investment Fund
61. Kazakhstan	Pilot Water Supply
62. Kenya	Energy Sector Reform
63. Kenya	National Agriculture Rehabilitation Project (NARP) I
64. Kenya	Early Childhood Development
65. Kenya	Lake Victoria Environment
66. Kyrgyz Republic	Rural Finance
67. Latvia	Welfare Reform
68. Lebanon	Agriculture Infrastructure Development
69. Lithuania	Energy Efficiency/Housing
70. Madagascar	Environment II
71. Madagascar	Private Sector Development
72. Madagascar	Regional Urban Works
73. Malawi	Environmental Management
74. Mali	Irrigation Promotion
75. Mali	Urban Development
76. Mauritania	Rainfed Natural Resource Management
77. Mexico	Community Forestry
78. Mexico	Aquaculture
79. Mexico	Rural Financial Markets Technical Assistance
80. Nepal	Rural Water Supply and Sanitation
81. Nicaragua	Rural Municipalities
82. Niger	Health II
83. Pakistan	Private Sector Ground Water

84. Panama	FES (Social Investment Fund)
85. Panama	Rural Poverty and Natural Resource Management
86. Peru	Irrigation Rehabilitation
87. Peru	FONCONDES II
88. Peru	Sierra Natural Resource Management
89. Philippines	Elementary Education III
90. Philippines	Water Resources Development
91. Philippines	Agrarian Reform
92. Poland	Port Access and Management
93. Russia	Education Innovation
94. Senegal	Sustainable Participatory Energy Management
95. Sri Lanka	Energy Services Delivery
96. Sri Lanka	Environmental Action
97. Sri Lanka	Health Services Development
98. Tadjikistan	Pilot Poverty Alleviation
99. Tanzania	National Extension Project II
100. Tanzania	River Basin Management
101. Tanzania	Lake Victoria Environment
102. Tunisia	Greater Tunis Sewer
103. Tunisia	Municipal Development II
104. Turkmenistan	Water Supply and Sanitation
105. Uganda	SAC III
106. Uganda	Lake Victoria Environment
107. Uzbekistan	Pilot Water Supply
108. Yemen	Social Fund Development
109. Yemen	Taiz Water Supply Pilot
110. Zambia	Environment
111. Zambia	Enterprise Development
112. Zimbabwe	Pilot Rural Development Credit

LIST OF NGO WORLD BANK COMMITTEE MEMBERS
(as of April 1997)

AFRICA

Institut Africain pour le Developpement Economique et Social - Centre Africain de Formation (INADES-FORMATION)

Cote d'Ivoire

Representative: Rene M. Segbenou

Inter-Africa Group (IAG)

Ethiopia

Representative: Jalal Abdel Latif

Integrated Social Development Centre (ISODEC)

Ghana

Representative: Charles Abugre

Kagiso Trust (KT)

South Africa

Representative: Horst Kleinschmidt

Organization for Rural Associations for Progress (ORAP)

Zimbabwe

Representative: Temba Ndiweni

ASIA

Centre for Human Development (PROSHIKA)

Bangladesh

Representative: Qazi Faruque Ahmed

Society for Participatory Research in Asia (PRIA)

India

Representative: Dr. Rajesh Tandon

Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC)

Philippines

Representative: Antonio B. Quizon

Freedom from Debt Coalition (FDC)
Philippines
Representative: Teresa Diokno Pascual

Lanka Jathika Sarvodaya Shramadana Sangamaya (Inc.) (LJSSS)
Sri Lanka
Representative: Dr. Vinya Shanthidas Ariyaratne

EUROPE

Society for Improvement of Quality of Life (SIQL)
Croatia
Representative: Paul Igor Matutinovic

Centre de Recherche et d'Information pour le Developpement (CRID)
France
Representative: Laurence Tubiana

Swedish Mission Council (SMC)
Sweden
Representative: Mats Haarsmar

EUROSTEP (represented by)
Swiss Coalition of Development Organizations (Swiss Coalition)
Switzerland
Representative: Bruno Gürtner

Association of Protestant Development Organizations in Europe (APRODEV)
United Kingdom
Representative: Paul Spray

LATIN AMERICA AND THE CARIBBEAN

Caribbean Policy Development Centre (CPDC)
Barbados
Representative: Chris Sinckler

Brazil Network on Multilateral Financial Institutions (RBRASIL)
Brazil
Representative: Fatima Vianna Mello

Asociacion Latinoamericana de Organizaciones de Promocion (ALOP FOLADE)
Ecuador
Representative: Aberlardo Manuel Chiriboga

Equipo Pueblo (PUEBLO)
Mexico
Representative: Carlos Heredia

Centro de Estudios y Promocion del Desarrollo (DESCO)
Peru
Representative: Mr. Abelardo Sanchez-Leon

MIDDLE EAST

The Union of Palestinian Medical relief Committees (UPMRC)
Israel
Representative: Dr. Mustafa Barghouthi

NORTH AMERICA AND THE PACIFIC

Community Aid Abroad (CAA)
Australia
Representative: Andrew Hinton Hewett

Inter-Church Coalition on Africa - Economic Justice Project (ICCAF)
Canada
Representative: Ruth Rempel

Pacific Asia Resource Center (PARC)
Japan
Representative: Kitazawa Yoko

Institute for Development Research (IDR)
USA
Representative: Jane Covey

INTERNATIONAL NGOS

Cooperation Internationale pour le Developpement et la Solidarite (CIDSE)
Belgium
Representative: Dr. Koenraad Verhagen

International Save the Children Alliance (SCF UK)
United Kingdom
Representative: Michael Aaronson

RESIDENT MISSIONS WITH NGO SPECIALISTS/CONTACTS
(as of March 1997)

AFRICA

Angola
Burkina Faso
Burundi
Benin
Cameroon
Central African Republic
Chad
Congo
Côte d'Ivoire
Ethiopia
Ghana
Guinea
Kenya
Mali
Malawi
Mauritania
Madagascar
Niger
Nigeria
Rwanda
Senegal
South Africa
Tanzania
Togo
Uganda
Zambia
Zimbabwe

ASIA

Bangladesh
China
India
Indonesia
Nepal
Pakistan
Philippines
Sri Lanka
Thailand
Vietnam

EUROPE AND CENTRAL ASIA

Albania
Azerbaijan
Belarus
Bosnia/Herzegovina
Bulgaria
Estonia
Hungary
Estonia
Hungary
Kazakhstan
Kyrgyz Republic
Latvia
Lithuania
Macedonia
Moldova
Poland
Romania
Russia
Turkey
Ukraine
Uzbekistan

LATIN AMERICA AND CARIBBEAN

Argentina
Bolivia
Brazil
Columbia
Costa Rica
Ecuador
Jamaica
Mexico
Peru
Venezuela

MIDDLE EAST AND NORTH AFRICA

Egypt
Yemen

GLOSSARY OF TERMS

CAS	Country Assistance Strategy
CBO(s)	Community Based Organization(s)
CGAP	Consultative Group to Assist the Poorest
CELLP	Center for Environmental Law and Public Participation
CSO(s)	Civil Society Organization(s)
DGF	Development Grants Facility
DIFD	Department for International Development
ECA	Europe and Central Asia
EDI	Economic Development Institute
EDIEN	Economic Development Institute's Environment and Natural Resources Division
ESSD	Environment and Socially Sustainable Development
ESW	Economic and Sector Work
FAWE	Forum for African Women Educationalists
FUNDAECO	Fundación para el Ecodesarrollo y la Conservación
FY	Fiscal Year
GDP	Gross Domestic Product
GEF	Global Environment Facility
GLOBE	Global Learning and Observations to Benefit the Environment
GMT	Grassroots Management Training
IDS	Institute for Development Studies
ICNL	International Center for Not for Profit Law
I*EARN	International Education and Resource Network
IUCN	World Conservation Union
IWGCB	International Working Group on Southern NGO Capacity Building
LAC	Latin America and the Caribbean
NCSD(s)	National Councils for Sustainable Development
NEAP	National Environmental Action Plan
NGO (s)	Non-Governmental Organization(s)
NIPA	NGOs for Integrated Protected Areas, Inc.
NIS	Newly Independent States
O&M	Operation and Maintenance
ODA	Overseas Development Agency
PEAP	Poverty Eradication Action Plan
PHN	Population, Health and Nutrition
PREM	Poverty Reduction and Economic Management
PRIA	Participatory Research in Asia
SAPRI	Structural Adjustment Participatory Review Initiative
SBP	Sustainable Banking for the Poor
SDC	Swiss Development Corporation

SGP	Small Grants Program
SIF	Social Investment Fund
SRP	Partnership for Strategic Resource Planning
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
USAID	United States Agency for International Development
WB	World Bank
WorLD	World Links for Development
WSS	Water Supply and Sanitation
WWF	World Wildlife Federation