



NGOs and the World Bank

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The NGO community is concerned about the impact of World Bank funding and "partnerships" with NGOs, especially those in Third World countries. Some charge that the Bank, with its enormous wealth, is able to "buy" small grassroots NGOs in the South, to gain legitimacy for its projects. Those sympathetic to the Bank's programs argue that this process of "dialogue" or "partnership" makes the Bank sensitive to the needs of people at the local level.

According to Bank documents, the Bank "has made a special effort to engage local NGOs in its operations, given their on-ground presence and firsthand knowledge of the needs and interests of the poor." The Bank's engagements in these projects has increased rapidly, so that by 1994, 115 (about half) of the Bank's lending projects had provisions for NGO involvement. In 1991 and 1993, the rate was about 30%. In the period 1973-1988, the rate was just 6%. The Bank has developed a number of programs to promote "closer Bank-NGO collaboration." These include "social funds" to finance community-based projects, direct contracts with NGOs to carry out segments of loan projects, special grant programs and "new initiatives" including funding of NGO participation in international conferences. To further its work in this area, the Bank has set up a new NGO Unit, which maintains extensive computer-based files on NGOs. The Bank's Economic Development Institute also runs special training programs for NGO representatives. Millions of dollars are now flowing from the Bank into the hands of NGOs.

The Bank likes NGOs because they are part of the "private sector" and their activities are often a substitute for the state. They symbolize "self-help" approaches to social problems as opposed to collectivist ones. But the Bank prefers certain kinds of NGOs over others. Judging from the NGOs it chooses to have a "dialogue" with, it prefers environmental NGOs to trade unions, docile outfits to truly grassroots groups, libertarian NGOs to socialist or communitarian ones.

The Bank has now incorporated many NGOs into consultative or dialogue bodies, but the process got under way some time ago. By the mid-1970's the Bank started organizing "specialist workshops" to which it invited NGO experts on such topics as forestry, water and energy. In 1981, the Bank took another step by setting up the World Bank-NGO Committee and soon the Bank participated in co-financing a few local projects with its NGO partners. The major intermediaries on the NGO side were the Geneva-based International Council of Voluntary Agencies and the Brussels-based Cooperation internationale pour la developement et la solidarite. Other NGOs criticised these new arrangements as secretive and unrepresentative and they denounced those who participated in the Committee.

The Bank co-optation process moved into high-gear as the Bank helped set up a group of its critics (and provided them with funding!) in a body called the NGO Working Group on the World Bank, established in 1984. But other NGOs kept their distance and in 1988 organized a counter-meeting for the first time at the Bank-IMF annual meeting in Berlin. These counter-meetings have put forward very harsh views of the Bank and held tribunals to judge the social impact of the Bank. The counter-meetings have been held every year.

Another vehicle for the Bank's policy dialogue is the Council of the Global Environmental Facility, which has a small number of NGO members. The Bank has also hired NGO staff, like John Clark of Oxfam, and it is increasing a program by which it brings NGO staff into the Bank on an "exchange" basis. There is even a proposal now for an "NGO funding window" at the Bank.

The Bank stepped up its efforts on the NGO front in 1995 by sponsoring the Brussels Conference on Hunger and Poverty in November, along with the International Fund for Agricultural Development. The conference drew over 1000 representatives of aid groups, NGOs and others. It drew up a five-point "action plan" which included setting up "popular coalitions" among international agencies, governments and grassroots organizations. The conference decided that the main weakness in current international and national actions to fight hunger and poverty is "insufficient participation by the poor in decisions affecting their daily lives." Critics of this and other Bank initiatives point out that the Bank itself, with its harsh "conditionalities" and interventionist structural adjustment programs in nearly a hundred countries is itself one of the world's most important barriers to democracy. Thus a "popular coalition" involving the Bank is a contradiction in terms. It would only perpetuate the problem, rather than solving it.

The Bank has also sponsored regional meetings with NGOs. On 24 April 1996, the largest such meeting ever held in Asia brought together 70 NGOs in Manila at the University of the Philippines. A considerably smaller meeting had been held the year before in Delhi. The Bank also organized regional meetings in

Africa and in Latin America and the Caribbean. In all cases it tried to enlist NGO partners in what it calls a "policy dialogue."

In 1996, the Bank incorporated one of its most forceful critics -- the Washington-based Development Group for Alternative Policies (D-GAP) -- into a Bank-funded program which involves substantial numbers of (mostly Southern) NGOs in a "review" of Bank structural adjustment policies in 10 to 12 developing countries. This initiative, known as SAPRI (Structural Adjustment Participatory Review Initiative), was finally launched on 14 July 1997 (Bastille Day) at a public ceremony. NGOs have been organized into a "Civil Society Network" which included some 500 organizations at the time of the launch. These steps give the Bank an appearance of openness and accountability, but in the final analysis they do not change the essence of power at the Bank or in the affected countries. NGOs will have to work by persuasion; they will not have any direct voice in the Bank's decision-making process nor in its fundamental mission.

By the summer of 1997, the participating NGOs had already grown skeptical and frustrated with their role. As D-GAP Communications Director Tony Avirgan wrote in the June issue of *Bank Check*:

The civil-society organizations involved in SAPRI are not naive, however, about the possibilities of the exercise resulting in a fundamental change in the World Bank's economic policies. In fact, it is not lost on anyone that, while the Bank uses SAPRI to demonstrate that it is doing something on the adjustment issue with its critics and civil society generally, it is considering *tightening* the adjustment noose around the necks of borrower governments.

The new Bank President, James Wolfensohn, has proved to be a brilliant public relations figure and a skilled tactician. From his first weeks in office, he has projected himself as a dedicated reformer intent on changing the Bank into a different kind of institution, truly working in the interests of the poor and the downtrodden. He has spent considerable effort to talk to NGO leaders and assure them of his good intentions. But Wolfensohn like most other Bank presidents has a background as a profit-driven businessman. Before coming to the Bank, he worked as head of his own Wall Street investment banking firm. Bank critics point out that previous Bank presidents also began their term with talk of eliminating poverty, innovative approaches to development, empowerment of people and other such jargon.

Wolfensohn himself noted at his first annual meeting of the Bank in the fall of 1995 that the number of those in absolute poverty in the world has increased from 1 billion to 1.3 billion in the past five years, confessing that the Bank's strategies have failed to improve income distribution. Wolfensohn's predecessor Lewis Preston also admitted that the Bank had failed to act effectively to stem

environmental degradation. Such statements from the Bank's highest officials, seem to confirm NGOs worst fears. So did the notorious Wappenhans Report (1992). Written by a high Bank official and originally intended for internal use only, the report concluded that a very high proportion of the projects for which the Bank had made its loans had unsatisfactory outcomes.

In spite of these failures and the deep opposition to the Bank's "policy-based lending," the Bank's power and money seem to have a substantial and growing influence on NGOs. The Bank has proved that it can cause splits among NGO coalitions between those who accept Bank funds and those who don't. To the extent that the Bank uses NGOs to assess the effects of Structural Adjustment and the extent of poverty and hunger, some NGOs may feel pressured into seeing the world from the Bank's perspective, rather than the perspective of their own members or constituents. Or at the very least they may be persuaded to soften their criticism, because they come to see the latest Bank leadership as acting in good faith.

As a counterweight to NGOs that are "incorporated" by the Bank, a strong and increasingly well-organized international network of critical NGOs has emerged, linking those that do not hesitate to point out frankly the devastating effects of the Bank, the Fund and other International Financial Institutions (IFIs). The "Fifty Years is Enough" network is the leading international network with hundreds of members worldwide. At a regional level and national level, NGOs have also formed coalitions and networks. In March 1995, 35 groups came together to form the Brazil Network on Multilateral Financial Institutions. NGOs have also formed the Latin American and Caribbean Network on Multilateral Banks, with focal points in Montevideo (Intituto del Tercer Mundo, a part of Third World Network) and in Washington (Bank Information Center).

But even the most committed of the IFI critics face a serious problem: how to bring real accountability to these enormous, secretive and very powerful institutions. Some would like to demolish them, a perspective implied in the "Fifty Years is Enough" campaign slogan. This view has strong support on both the libertarian left and on the libertarian right, among those who believe in minimum government and maximum "free market." The reformists, who hope to make the IFIs more accountable, mostly focus on three strategies: (1) forcing greater disclosure, (2) engaging in "dialogue" and public campaigns, and (3) using the leverage of powerful member governments, especially through work with the US Congress.

IFI activists of all persuasions have often stressed the enormous, undemocratic power of the Bank. Christian Aid (UK) had a 1995 Bank campaign entitled "Who Runs the World." No one thinks that the Bank's new Public Information Center (opened January 1994) will make it adequately "transparent" or accountable.

But, surprisingly enough, few IFI activists have looked to the UN as a possible means of accountability and control. But there are signs that this perspective may be emerging. If so, the coalition for the democratization of the UN may gain a very important potential partner.

Bank Sources: World Bank, *Cooperation Between the World Bank and NGOs: FY 1994 Progress Report* (Washington, DC: World Bank, 1995) and World Bank, *Working with NGOs: a practical guide to operational collaboration between the World Bank and non-governmental organizations* (Washington, DC: World Bank, March 1995). World Bank, *The World Bank's Partnership with Nongovernmental Organizations* (Washington, DC: World Bank, May 1996)

Selected Critical Titles:

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Seamus Cleary, "The World Bank and NGOs," in Peter Willets (ed.), *"The Conscience of the World": the influence of non-governmental organisations in the U.N. system*, (London: David Davies Memorial Institute, 1996)