

A Call for Participatory Decision Making:

Discussion Paper on World Bank-Civil Society Engagement

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EXECUTIVE SUMMARY

The World Bank's interactions with much of the public in both Southern and Northern countries have frequently been contentious. Civil society organizations have long accused the Bank of financing socially and environmentally harmful projects, and of imposing stringent macroeconomic policies on poor countries that have had profoundly detrimental impacts, and which have constrained their abilities to pursue alternative development strategies. In response, the World Bank has increased its efforts to engage with civil society critics, and has recognized that civic engagement is central to achieving legitimacy and increasing development effectiveness. Yet despite some progress, many CSOs find that the institution still remains insufficiently transparent, accountable, and responsive to public concerns. They do not believe that the Bank has adequately considered their most important concerns or incorporated their recommendations into policy or project decision-making. As a result, there is a growing skepticism that the Bank is actually interested in, or responsive to, public inputs.

The World Bank's status as a public development organization entails a dual imperative to pluralize and democratize its decision-making processes. As a public institution, the Bank has an obligation to make decisions in accordance with contemporary standards of participatory and democratic governance. And as a development institution, the Bank must be inclusive, responsive and accountable in its decision-making. Increasing people's ability to participate in public decision-making not only improves development outcomes, but also is itself a key component of human development. These democratic and developmental imperatives require that the Bank adopt a more participatory approach to decision-making. Stakeholders should be able to influence and share control over development initiatives and the decisions that affect their lives. Moreover, since the poor and other marginalized groups often have limited capabilities and opportunities to influence decisions, they must be empowered in the decision-making process if their participation is to be meaningful.

This paper explores the opportunities for more meaningful, empowering forms of participation in World Bank decision-making. First, the report examines the challenges of public participation in the Bank's institutional governance, and in its operations at global, national, and local levels. Second, the report proposes a set of principles and a framework for thinking about how to expand and deepen the opportunities for meaningful public participation in all stages of Bank decision-making. And third, it uses the framework to propose a set of recommendations for improving Bank practice for consideration by the World Bank's management and Board.

Public Participation, Representation and Accountability in Institutional Governance

The World Bank's governance model has been widely criticized as being inconsistent with the basic tenets of democratic and accountable decision-making, and therefore inappropriate for a public development institution. Many critics have argued that the Bank is not sufficiently representative, transparent, open to public participation, or directly accountable to those who are affected by its operations. The major criticisms of World Bank governance include:

1. Affected citizens have few opportunities to directly influence Board decision-making.
2. Representation of affected people is compromised by the fact that voting shares are disproportionately allocated to donor countries.
3. Representation of affected people is also compromised by the inequitable allocation of Executive Director seats.
4. Representation of affected people is further diluted by the United States' prerogative to name the Bank's President.
5. Accountability to affected people is undermined by the fact that Board oversight of management and staff is often perfunctory.
6. The Bank's accountability to affected citizens is also undermined by weaknesses in transparency, representativeness and accountability of Executive Directors to citizens within borrowing countries.
7. Representation of affected people is further compromised by the fact that finance and development ministries of member states dominate decision-making.
8. There are no mechanisms of "horizontal" accountability through which states or citizens can hold the Bank to account.

Civil Society Experiences in Past Consultative Processes

To understand how the Bank has incorporated participatory approaches into its operational decision-making, we reviewed four types of consultative experiences: global policy reviews of safeguard policies and lending practices, national policymaking through Poverty Reduction Strategy Papers (PRSPs), participation in projects and program decision-making, and institutionalized dialogue mechanisms such as the Joint Facilitation Committee (JFC).

Participation in Global Policy Reviews:

Since the 1980s, civil society organizations have mounted sustained advocacy campaigns to hold the Bank to account for the negative environmental and social impacts of its operations. These campaigns have been successful in forcing the Bank to consider the negative impacts of its lending operations, and to adopt a set of "safeguard policies" on sensitive issues such as environmental impacts, involuntary resettlement, and indigenous peoples. Over the past several years, the Bank has revised several of its most important environmental and social safeguard policies and has also conducted strategic reviews of some of its most controversial lending practices. In contrast with earlier generations of policy revisions, each of these reviews has included a significant public consultation component. This reflects the World Bank's recognition that the review processes would not be considered to be legitimate or methodologically rigorous unless they included the perspectives of affected stakeholders. Despite this improved access, civil society's efforts to influence policy development continue to be impeded in a number of important ways:

1. Civil society organizations do not believe that their most important concerns have been adequately considered or addressed in these reviews.
2. Public input often is not solicited until after internal consensus on key issues has been reached.
3. The Bank has not been clear about the range of issues that are under consideration.

4. The public often has had limited input into setting the scope and agenda for these reviews.
5. Limited civil society participation in the design of these reviews has caused them to get bogged down in disputes over process.
6. Many public consultations meetings have been implemented in a rushed, ad hoc, or unprofessional manner.
7. The Bank has failed to honor some of the commitments that it has made to stakeholders during the course of review processes.
8. The Bank does not provide adequate feedback to inform participants how their inputs have influenced policy development.

Participation in National Policymaking through PRSPs:

In many countries, PRSP consultation processes have helped draw together different NGOs, donors, and government officials and to harmonize their development priorities. In the process, they have often improved relations between civil society and their governments. By broadening and deepening civil society's understanding of budget issues, PRSPs have also increased public scrutiny of public expenditure practices at the local national levels. However, despite these positive impacts, PRSPs have failed to meaningfully engage civil society in a number of critical respects:

1. The policy debate has usually excluded issues of macroeconomic policy, human rights, and gender equity.
2. Transparency and access to information have generally been inadequate.
3. PRS processes have frequently been rushed.
4. PRS processes have not systematically included parliamentarians and key line ministries.
5. Many stakeholders lack the capacity to analyze alternative policy scenarios.
6. Poverty and Social Impact Analysis (PSIA) have not been adequately participatory nor produced more explicitly pro-poor policies.
7. CSO participation has resulted in very limited influence on the content and implementation of poverty reduction strategies.
8. PRSPs do not necessarily influence Bank and IMF lending in any significant way.

Participation in Projects:

The Bank's project lending has often been a source of contention with civil society. The Bank has financed a number of socially and environmentally damaging projects over concerted local opposition. In addition, the effectiveness of its projects has often been compromised by a failure to incorporate the experience of project-affected people or allow them to take "ownership" of the project. Thus, much of the conflict over project lending has been over issues of local control, participatory decision-making, and project ownership.

Since the early 1990s, the Bank has made progress in improving the quantity of participation in its projects, particularly in consultations during environmental assessments and in making better use of public meetings, disclosure, and increased interaction between the Bank and stakeholders. Despite these gains, the actual influence of civil society on Bank-supported projects remains very

limited. Much of the increased participation has been narrow in scope, rushed, superficial, or otherwise ineffective. A number of systemic constraints have limited more meaningful participation in projects:

1. The Bank's Information Disclosure Policy limits informed participation.
2. Participation usually does not occur until project preparation and appraisal.
3. Participation has also been weak during monitoring and evaluation.
4. Participation processes have often been of poor quality.
5. Social analyses are not integrated with project decision-making.
6. Public participation is hindered by a number of external and internal constraints, particularly insufficient funding and inadequate support from management.
7. Insufficient capacity in communities and local CSOs has limited their abilities to participate.
8. Systematic improvements in the quality of participation are constrained by inadequate benchmarks, standards, and learning systems in the Bank.
9. The Bank's accountability mechanisms for ensuring meaningful engagement are inadequate.

Participation through Institutionalized Dialogue Mechanisms:

On several occasions, the Bank and civil society organizations have attempted to go beyond the normal *ad hoc* approach to engagement, and have sought to create more productive engagement mechanisms. The JFC is one example of these kinds of efforts, as are the World Bank-NGO Committee, ECA NGO Working Group, and the External Gender Consultative Group (EGCG). These mechanisms have not, however, played a major role in policy or project development, and are of minor significance when compared with the global, national, and project level engagements discussed above. In our experience with the JFC, the anticipated benefits of improved mutual learning have proven extremely difficult to realize in practice, due to a series of limitations:

1. Generalized dialogue mechanisms are not well-suited to the current operations of the Bank or the state of global civil society.
2. Institutionalized dialogue mechanisms have suffered from weaknesses in transparency, representativeness and accountability.
3. The potential usefulness of these mechanisms has been undermined by the widespread perception that they are vulnerable to World Bank manipulation and co-optation.

Principles of Participatory Decision Making

Given the concerns raised by civil society organizations, we believe that there is much more the World Bank could be doing to include citizens in decision-making and to be responsive to their concerns. Civil society complaints about past consultative processes have clustered around five core principles of participatory decision-making that should be applied across all stages of the World Bank's project/policy cycles:

- *Transparency and Access to Information.* Effective transparency mechanisms make information available to citizens in ways that the information can influence their political choices. They provide complete information about activities and options *before* key decisions are made, and in local languages, culturally appropriate formats, and in ways that are readily accessible and affordable.
- *Inclusiveness.* Inclusiveness requires that all people have the opportunity to participate in making decisions that will directly affect their lives. In particular, it involves bringing in politically disenfranchised or marginalized groups that might ordinarily be excluded from decision-making processes. This may include efforts to systematically identify all those whose rights may be affected or who may bear the risks associated with the decision; and to reach out to them and provide whatever assistance they may need to participate (e.g. translation services, travel support, etc).
- *Quality of Discourse and Deliberation.* Deliberative processes allow affected people to freely and equally express their competing interests, perspectives, and visions of the public good. For decision-making to be based on deliberation rather than raw political power, marginalized stakeholders must be enabled to participate on an equal basis with more entrenched interests. Thus, where contested issues are highly technical, all participants should have comparable access to the expertise necessary to independently challenge the technical claims of other parties. Participants must also have the option to withhold their consent to an agreement if their concerns are not adequately addressed.
- *Fairness under Rule of Law.* Fairness requires that both the process and its substantive outcomes comport with shared principles of justice and equity. *Procedural* fairness requires that policies, rules and standards be developed and enforced in impartial and predictable ways, and that processes of representation, decision-making and enforcement are clear, mandatory and internally consistent. *Substantive* fairness requires that the distribution of costs, benefits and risks from policy outcomes are just and equitable.
- *Accountability.* Accountability implies that decision-makers must answer for their actions and, depending on the answer, be exposed to potential sanctions. Accountability mechanisms allow citizens to control the behavior of government officials and representatives to whom they have delegated public power. Effective accountability mechanisms require compliance and enforcement. *Compliance* involves evaluating their actions against clear standards that are based on publicly accepted norms. These include both procedural standards (regarding transparency, inclusiveness, etc.) and standards for assessing outcomes (e.g., on poverty reduction, social equity, and human rights). *Enforcement* involves imposing sanctions for failing to comply with those standards.

These principles can help to structure participatory, responsive and predictable decision-making processes that can lead to better, more sustainable development outcomes by reconciling competing interests and visions of the public good through deliberation and negotiation. To do so, they must be applied with an eye towards redressing the profound inequities of voice, access and political power between different interests in development debates. If they are applied in this way, they can be powerful tools to enhancing the capacity of poor and marginalized people to

influence the decisions that affect their lives. If they are not, they are unlikely to improve outcomes very much. These principles inform our recommendations.

Institutional Impediments to Participatory Decision Making

Like most large and complex bureaucracies, there are multiple and competing organizational cultures and incentive structures within the Bank. Taken together, organizational cultures and staff incentives provide a lens through which to understand why the Bank has so consistently failed to translate its stated commitment to participation into more inclusive decision-making. In particular, there is an incompatibility between short-term incentives and long-term objectives within the Bank. The dominant organizational cultures and more immediate incentives reward staff for quick appraisal and disbursement, and decision-making based on technical expertise rather than collaborative problem-solving. Meanwhile, the countervailing incentives for more meaningful participatory decision-making — reducing reputational risk and increasing development effectiveness — are diffuse, long-term, and difficult to measure. The result is a set of organizational incentives and expectations that devalues participatory decision-making. As a result, public voice and accountability are subordinated to satisfying the demands of borrower and donor governments, minimizing overhead, and moving loans through the approval process in an expeditious manner. Ultimately, these organizational imperatives can lead the Bank to value public engagement more as a mechanism for gaining public approval for its decisions than for improving the quality of performance or empowering citizens to determine their own development destinies.

Recommendations

There a number of specific actions that the World Bank should take to facilitate more meaningful public participation in its decision-making. We provide a number of specific recommendations for each set of experiences in the Recommendations section at the end of the report. We also call upon the Bank to integrate participation into its decision-making in four cross-cutting ways:

1. The World Bank should increase participation in its decision-making at each stage of the project/policy cycle. The project/policy cycle provides a structure for improving participation in Bank operations. In Section IV, we propose a framework for considering how each stage in this cycle can systematically be linked with basic standards of participatory decision-making. This framework offers an approach to developing benchmarks for what good process requires at each stage of decision-making. The Bank should use it as a way to think comprehensively about how public participation and influence should be expanded at each stage of the cycle. Civil society organizations could also use it to: (a) assess in advance whether a proposed process meets their normative expectations, and therefore to help decide whether, or under what terms, to participate; and, (b) evaluate processes to determine whether expectations and commitments were fulfilled.

2. The World Bank should establish mandatory minimum standards for consultation and participation. There is an overriding contradiction at the center of the Bank's approach to public participation. On the one hand, Bank literature and policy statements are replete with testimonials to the importance of participation and empowerment to achieving good development

outcomes. But on the other hand, the Bank currently has no required procedures for developing policy, and no clear minimum standards for soliciting or incorporating public inputs in its lending operations. Rather, public participation is usually ad hoc and discretionary, and the Bank generally only formalizes or requires it when forced to do so under external pressure. The Bank should develop at least two mandatory participation policies: (a) a fixed administrative procedure for developing and revising Bank operational policies and strategies; and, (b) a set of minimum requirements for public involvement in different types of lending operations. We note that there is a wealth of Bank literature on how to implement high-quality, participatory decision-making throughout the Bank's operations, and many Bank staff, in the exercise of their discretion, strive to follow best practice. As a result, there is an ample basis for crafting effective participation policies within the parameters of existing Bank practice.

3. The World Bank should improve the transparency of its governance and operations.

Transparency is, in many ways, the basis for democratic decision-making. Transparency enables people to participate meaningfully in public decision-making by providing them with the information they need to understand, evaluate, and influence the actions of decision-makers. While the World Bank has recently improved its information disclosure policies and practices, they still fall well short of international best practice. We draw upon these best practices to identify gaps in the Bank's policies and practices.

4. The Bank should respect, and proactively seek to expand and protect, political space for democratic and participatory decision-making in national political processes. The potential for democratic, participatory decision-making processes is much higher at the national and sub-national levels than in global public institutions like the World Bank. Thus, while it is essential for the Bank to increase participation in its own governance and operations, it is equally important for it to respect local democratic institutions and processes by subjecting its lending and policy recommendations to parliamentary and local government scrutiny. In countries in which democratic spaces are limited, the Bank should facilitate the use of more inclusive and democratic domestic decision-making processes. While the Bank is (and should be) constrained in the extent to which it can involve itself in domestic politics, there are a number of avenues for it to expand political space for affected people by: (a) minimizing conflicts between Bank operations and domestic democratic processes; (b) working with parliamentarians and a broad range of public agencies, and encouraging parliamentary review of loans; (c) identifying opportunities for expanding political space by, at a minimum, providing an assurance that decision-making will be transparent and participatory, particularly for those that are marginalized in the domestic political process; and, (d) assessing the political risks faced by those who participate in its consultation processes, and taking steps to ensure that they will not be punished as a consequence.

Large parts of the public no longer believe that their interests are represented in institutions such as the . . . World Bank . . . or that the institutions are adequately accountable for what they do.

Human Development Report 2002, UNDP, p.112

I. INTRODUCTION

This report examines the interactions between the World Bank and civil society organizations that critically engage it at the global, national, and project levels. This discussion paper was commissioned by sixteen civil society organizations that are members of the World Bank – Civil Society Joint Facilitation Committee (JFC), and was prepared independently of the World Bank.¹ The JFC is an ad hoc, consultative body comprised of senior representatives of national and international civil society networks and World Bank management. It was established in October 2003 to facilitate a dialogue on how the World Bank could become more transparent, accountable, and responsive to public concerns. The overall objective of the JFC is to secure deeper and more meaningful opportunities for civil society to engage with the World Bank in terms of its operations, its policies and its governance structures. The mandate of the committee expires in April 2005.²

The Politics of Critical Engagement in an Era of Policy Retrenchment

Engagements between civil society and the World Bank are framed by the fact that the World Bank faces a crisis of legitimacy among large segments of the public in both Southern and Northern countries. The Bank, along with the IMF, has long been accused of imposing stringent policy requirements on aid dependent countries—including market liberalization, privatization of public goods and services, and restrictions on spending on basic social services — that have had detrimental social and economic impacts, and have constrained these countries’ ability to pursue their own development strategies. Many citizens also have deep concerns about the negative environmental and social impacts of World Bank-financed projects. While the World Bank has increased its efforts over the past decade to engage with civil society organizations (CSOs) and to expand its disclosure of information, many CSOs still find that the institution remains insufficiently transparent, accountable, and responsive to public concerns. As a result, civil society interactions with the Bank are often characterized by a defensive struggle to hold the Bank accountable for the impacts of its projects and programs.

There is growing skepticism that the Bank is actually interested in, or responsive to, public inputs. Despite the Bank’s stated commitment to openness and participation, many CSOs do not believe that the Bank has adequately considered their most important concerns or incorporated their recommendations into policy or project decision-making. For example, despite consistent

¹ The civil society members of the JFC had complete authority over the methodology and content of the paper. The World Bank’s involvement was limited to providing documents, information and perspectives as requested. The World Bank also contributed to the budget for the paper.

² Further information, including the Terms of Reference for the JFC, can be found at: http://www.civicus.org/new/PG_world_bank-CSO_engagement.asp?c=FD8912

public advocacy by CSOs for stronger and more comprehensive environmental and social policy standards, many organizations believe that the Bank wants to weaken its policies, and the opportunities for meaningful public engagement. As such, they have come to believe that one of the main reasons the Bank continues to engage with the public is to reduce its reputational risk by defusing criticism and increasing the popular legitimacy of its decision-making. Moreover, civil society's limited influence on policy-making appears to be eroding even further as many within the Bank, including some of its senior leadership, increasingly question the legitimacy of civil society organizations and seek to refocus the Bank's attention on the preferences of its borrowers.³ Consequently, there is a deep cynicism among civil society participants who have been drawn into consultative processes with the implicit, but unfulfilled, promise that they can influence decision-making.

Civil society organizations that focus on improving the environmental and social impacts of Bank lending have developed a range of different advocacy strategies to meet their objectives. These strategies can be grouped into three categories—*principled non-engagement*, *selective engagement*, and *collaborative engagement*. In practice, however, the individual organizations often adopt hybrid approaches that defy easy categorization.⁴

Principled Non-Engagement. This category includes many CSOs in the global North and South that have come to see policy engagement as counterproductive, and thus choose not to engage in policy dialogue at all. Some, though not all, of these organizations believe that the Bank will never be reformed to the point where it can become a reliable agent for alleviating poverty and encouraging environmentally sustainable development, and therefore believe that the Bank should be abolished.

Principled non-engagers make four main arguments in support of this strategy. First, they argue that the history of engagement on policy issues demonstrates that the Bank is fundamentally not interested in accommodating public concerns.⁵ Therefore, they believe that the minimal opportunity for improving policy language is not worth the price of allowing the Bank to claim unwarranted public legitimacy.⁶ Second, they see little point in debating policy minutiae that do not address their core concern, the Bank's adherence to a fundamentally flawed development paradigm.⁷ Third, they believe that decisions about the Bank's development paradigm are not actually made by the Bank, but rather by the United States Treasury and the other G7 Finance Ministries that control the Board. Discussing these issues with Bank officials, therefore, mistakenly focuses advocacy efforts on those that implement policy decisions, rather than those who make them. Finally, they believe that their limited time and resources are better spent elsewhere—on bearing public witness to the environmental and social harms that Bank policies

³ Sebastian Mallaby, *The World's Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations*. New York: Penguin Press, (2004).

⁴ Joseph Hanlon, "How Should South African Countries Deal With the World Bank" SANGOCO Briefing Paper, (1998), pp. 1-2; Stephanie Weinberg, "The Changing Terms of Engagement: A Survey of Washington-Based NGOs on Strategies to Challenge the International Financial Institutions and Corporate-led Globalization" (2003), pp. 6-7.

⁵ See, e.g. Freedom from Debt Coalition, "World Bank - International Finance Corporation Projects -- Sinking the People Into Deeper Poverty" (Nov. 3, 2004).

⁶ Weinberg (2003), pp. 9.

⁷ Jubilee South, "Pan-African Declaration on PRSPs: Poverty Reduction Strategy Papers: Structural Adjustment Programmes in Disguise" (May 2001); Freedom from Debt Coalition (2004).

have caused, and on building grassroots political movements that can effectively pressure Northern decision-makers and borrowing governments to adopt alternative development strategies.⁸

Selective Engagement. Many civil society organizations that advocate for policy reform at the World Bank, however, are willing to critically engage on a selective basis. These groups often have serious trepidation and ambivalence about doing so. They recognize that their recent efforts have not produced outcomes that reflect their positions,⁹ and they appreciate that they may be conferring a patina of legitimacy on a process that does not actually allow for meaningful public influence. But they also recognize the broad scope of the Bank's influence in developing countries, and conclude that even relatively small changes in the Bank's behavior can have profound impacts on those who are directly affected.¹⁰ They therefore seek out targeted opportunities to prevail on contested issues, and use those victories as stepping stones to more transformative institutional change.¹¹ These organizations make a pragmatic determination that the risks of non-engagement exceed the risks of engagement. The lesson they draw from recent engagements is that many policies would have turned out significantly weaker had civil society not raised objections.¹² They also recognize that the Bank is not necessarily monolithic in its outlook, and that on many issues there may be a "war of ideas" being waged within the institution. By staking out firm positions, they hope to expand the political space for progressive internal voices to effect change. Moreover, some organizations that work closely with people that are affected by a specific policy may feel compelled to engage when that policy is under review. For many groups, then, "to disengage is to abdicate." Finally, some organizations, such as labor unions, take a principled stance in favor of engagement. They maintain that since the Bank is a public institution, the public has a right (even a duty) to insist that the Bank take their views seriously.

Collaborative Engagement. Organizations in this category take a more "collaborative" approach to engagement. These organizations tend to focus more on substantive research and policy analysis than overt political advocacy.¹³ They cultivate long-term relationships with management and staff, and seek to influence policy development by providing external advice on issues in which they have developed substantive expertise.

⁸ See e.g., Hanlon (1998); Weinberg (2003).

⁹ Bank Information Center (BIC), Bretton Woods Project, Campagna per la Riforma della Banca Mondiale, Third World Network, "60 Years Of The World Bank and The International Monetary Fund: Civil Society Strategy Meeting Summary Report," prepared by the co-organizers of the Penang Conference (January 2004), p.3.

¹⁰ Jonathan A. Fox and L. David Brown, eds., *The Struggle for Accountability: The World Bank, NGOs and Grassroots Movements*, Cambridge, MA: MIT Press (1998), p. 2.

¹¹ John Clark, *Democratizing Development: the Role of Voluntary Organizations*, London: Earthscan,(1991), p.140.

¹² See e.g., Shannon Lawrence, "Retreat from the Safeguard Policies: Recent Trends Undermining Social and Environmental Accountability at the World Bank," *Environmental Defense* (January 2005); Bank Information Center (BIC) and Center for International Environmental Law (CIEL), "Country Systems Approach to World Bank Social and Environmental Safeguards: Concerns and Challenges," (December 1, 2004), http://www.bicusa.org/bicusa/issues/misc_resources/1775.php; Environmental Defense, Friends of the Earth and International Rivers Network, "Gambling with People's Lives: What the World Bank's New 'High-Risk/High-Reward' Strategy Means for the Poor and the Environment," *Global Policy Forum* (September 2003).

¹³ Weinberg (2003), pp. 13-14.

The Perspective of the JFC-CSOs

The civil society members of the Joint Facilitation Committee have primarily used *selective* or *collaborative* engagement strategies to affect changes in Bank operations. Accordingly, this paper focuses on these kinds of engagements. By focusing our discussion on critical engagement with the Bank, however, we do not mean to suggest that engagement is always appropriate or desirable. Rather, we recognize that direct public pressure, including non-violent public protests and grassroots mobilization, can be a legitimate and effective means of democratic political expression. We also do not mean to suggest that organizations should focus on the Bank as a primary target of their advocacy efforts. Many organizations will view the Bank as peripheral to their struggle for broader systemic change, and will continue to focus on other approaches, such as local resistance and innovation, deepening democracy and improving policies at the national level, or strengthening or creating other global governance institutions as agents of progressive change.¹⁴ Such strategy decisions are highly context specific, and must be taken by individual organizations based upon their resources, competencies, constituency preferences, and political opportunities or constraints. Those organizations that do choose to directly engage the Bank should fully understand the potential risks and opportunities of doing so. We hope that this paper can help inform these strategic decisions.

Overview of the Report

Because civil society perspectives on Bank engagement vary considerably, it would be impossible to articulate a “consensus civil society position” on these issues. This paper does not attempt to reconcile the diverse, multifaceted, and at times even contradictory, perspectives of civil society organizations that seek to reform the Bank or influence its decision-making. Rather, it represents the opinions and analyses of the civil society organizations on the JFC. This discussion paper has three main objectives. First, it examines recent engagements between the World Bank and civil society organizations and identifies some of the major issues and challenges that have emerged in those relations. Second, it proposes a set of principles and a framework for thinking about how to expand and deepen the opportunities for meaningful public participation in all stages of Bank decision-making. And third, it uses the framework to propose a set of recommendations for improving Bank practice for consideration by the World Bank’s management and Board.

The remainder of this discussion paper is divided into six sections. Section II describes how broad trends in both international politics and development thinking converge to create an imperative for the Bank to adopt a more participatory approach to decision-making. It argues that the proliferation of democratic governance at the national level, and the growing recognition that affected people should have a direct voice in framing and implementing development strategies, provide a strong moral and pragmatic basis for more participatory development decision-making. In Section III, we argue that the Bank’s governance structure does not provide sufficient opportunities for affected people to express their preferences and influence Board-level decision-making. In Section IV, we examine recent World Bank-civil society engagements at the global, national, and project levels, to assess whether public actually has had meaningful opportunities

¹⁴ Jonathan Fox, “Introduction: Framing the Inspection Panel,” in Dana Clark, Jonathan Fox, and Kay Treakle, *Demanding Accountability: Civil Society Claims and the World Bank Inspection Panel*, (2003), p. xvii.

to participate in Bank decision-making at the operational level. We find that there is a wide gulf between the Bank's stated commitment to participation, and its actual decision-making practices, and that public complaints about participation have been remarkably consistent at each of these levels of engagement. Section V draws on these experiences with Bank operations to argue that public criticisms have generally corresponded with five key principles of participatory decision-making—transparency, inclusiveness, quality of deliberation, fairness, and accountability. It contends that public participation would be far more consistent and meaningful if these principles informed decision-making at every stage of the Bank's project and policy-making cycles. It therefore proposes a framework for thinking about how to integrate these principles into all stages of the Bank decision-making. Section VI describes the broader structural constraints and staff incentives that have impeded more meaningful participation in decision-making, and that need to be addressed if participation is to improve going forward. Finally, section VII provides a series of recommendations for Bank management and the board to consider.

This report was drafted by two independent researchers commissioned by the civil society members of the JFC, from December 2004 to April 2005.¹⁵ It draws upon several group consultations with CSOs, and over 50 interviews with members of civil society, the World Bank, and academics. It also relies heavily on secondary materials for analysis, including an extensive body of studies and reviews already conducted by CSOs, the World Bank, and academics.¹⁶ In particular, the researchers carefully considered the Bank's recent paper entitled "Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations."¹⁷ The two papers reach many similar conclusions regarding the state of World Bank-civil society relations, but they are quite different in focus and recommendations. The Bank's Issues and Options paper looks primarily at how to improve internal Bank mechanisms for providing support and advice to staff and management for engaging with civil society. This discussion paper, however, focuses more on how to expand and deepen the opportunities for meaningful public participation in all stages of Bank decision-making.

¹⁵ The researchers are Steve Herz and Alnoor Ebrahim. Steve is a lawyer and independent consultant based in Oakland, California. Alnoor is an associate professor at Virginia Tech University and is co-director of the Institute for Governance and Accountabilities.

¹⁶ See Appendix A for additional details on the methodology.

¹⁷ World Bank, "Issues and Options for Improving Engagement Between the World Bank and Civil Society Organization," External Affairs, Communications and United Nations Affairs, Environmentally and Socially Sustainable Development Network, Operations Policy and Country Services Network (March, 2005a).

II. THE CASE FOR PARTICIPATORY DECISION MAKING AT THE WORLD BANK

The World Bank's status as a public development organization entails a dual imperative to pluralize its decision-making processes. First, as a public institution, the Bank has an obligation to make decisions in accordance with contemporary standards of participatory and democratic governance and public administration. Second, to be effective as a development institution, the Bank must be inclusive, responsive and accountable in its decision-making. Expanding participatory decision making not only improves development outcomes, but also is itself a constitutive part of human development.

The Democratic Imperative for a Public Institution

Over the past several decades, democracy has proliferated at the national level to the point where more people, and more countries, are now ruled by democratically elected governments than ever before.¹⁸ Democratic governance, in all of its forms, has become the uncontested benchmark of political legitimacy; there are no longer any respectable alternatives.¹⁹

Although democracy has become the litmus test of acceptable governance at the national level, it has had limited influence on governance at the global level. International organizations lack inclusive mechanisms for identifying and deliberating the public interest, and cannot persuasively claim to derive their authority from the consent of affected populations.²⁰ Instead, most international institutions continue to be governed under the old Westphalian system, in which sovereign governments are assumed to be the only legitimate representatives of their people. Thus, many international organizations, including the World Bank, claim their democratic legitimacy from the representation of their member states in their governance structures.

National governments still play a central role in articulating and representing the interests of their citizens, and will continue to do so for the foreseeable future. But it can no longer be credibly argued that they are the *exclusive* representatives of their people on the international stage.²¹ As democratic standards have become the benchmark against which citizens evaluate their national governments, citizens are increasingly insisting on the same kind of openness, responsiveness and accountability from international institutions. As a result, democracy has now assumed a place in the public's imagination alongside sovereignty as a guiding principle of global governance.²² To earn public confidence and legitimacy, global governance institutions must

¹⁸ Freedom House, "Democracy's Century: A Survey of Global Political Change in the 20th Century," (1999), <http://www.freedomhouse.org/reports/century.pdf>; United Nations Development Program (UNDP), *Human Development Report 2002: Deepening Democracy in a Fragmented World*, (2002), pp. 1.

¹⁹ Fareed Zakaria, "The Rise of Illiberal Democracy," *Foreign Affairs* (Nov./Dec. 1997).

²⁰ Scholte (2002), p. 7; Gerald Karl Helleiner, "Markets, Politics and Globalization: Can the Global Economy be Civilized?" Paper presented at the Palais des Nations: 10th Raúl Prebisch Lecture, Geneva, Switzerland, (December 11, 2000).

²¹ Benedict Kingsbury, Nico Krisch and Richard Stewart, "The Emergence of Global Administrative Law," *International Law and Justice Working Paper 2004/1*, Institute for International Law and Justice, New York University School of Law (2004), p. 13. ("In our view, international lawyers can no longer credibly argue that there are no real democracy or legitimacy deficits in global administrative governance because global regulatory bodies answer to states, and the governments of those states answer to their voters and courts.")

²² Boutros Boutros-Ghali, "Democracy: A Newly Recognized Imperative," *Global Governance* (1995).

therefore provide opportunities for multiple actors to play a role in articulating the best interests and judgments of the public.²³ This requires that they engage the public directly, and demonstrate that they are responsive and accountable to public concerns.

Moreover, the old view of exclusive state representation is no longer consistent with the actual practice of global governance.²⁴ The globalization of communication technologies has made it increasingly difficult for global governance institutions to evade public scrutiny. And as democratic standards have become the benchmark against which citizens evaluate their national governments, they are increasingly insisting on the same kind of openness, responsiveness and accountability from international institutions. Thus, citizens have placed issues of pressing concern on the global agenda -- including climate change, human rights, gender equity, AIDS, and debt — and have mobilized public opinion to demand that they are adequately addressed.²⁵ And they have become increasingly assertive about influencing international decisions on issues that were traditionally the province of domestic politics — including economic, environmental, trade, and public health issues.²⁶ Through non-governmental organizations, social movements, and other voluntary advocacy associations, citizens are expressing their dissatisfaction with how their governments are representing them, and contesting their governments' claims to have the exclusive authority to articulate public interests in multilateral forums.²⁷

As the public increasingly expects that democratic principles will inform international as well as national decision-making, the pressure on international institutions to increase public participation in their decision-making will only rise. Indeed, most, if not all public international institutions have been forced to at least begin to re-align their decision-making with these expectations.²⁸ The Bank, no less than these other institutions, must meet this challenge, or it will find it increasingly difficult to earn public support for its policies and programs, and its effectiveness, relevance and legitimacy will suffer accordingly.²⁹

The Democratic Imperative for a Development Institution

In addition to the imperative to democratize decision-making for a public institution, the Bank also has an imperative to democratize as a development institution. Development is no longer

²³ Andrew Kuper. *Democracy Beyond Borders: Justice and Representation in Global Institutions*. Oxford: Oxford University Press, (2004), p. 165.

²⁴ Jessica T. Mathews, "Power Shift," *Foreign Affairs* (1997), 76(1): 50; United Nations Commission on Global Governance, "Our Global Neighborhood" (1995), p. 6; Myres S. McDougal et.al., *Human Rights and World Public Order: The Basic Policies of an International Law of Human Dignity*. New Haven: Yale University Press (1980).

²⁵ United Nations, Report of the Panel of Eminent Persons on United Nations–Civil Society Relations, "We the Peoples: Civil Society, the United Nations and Global Governance," (June 2004) p. 26.

²⁶ *Ibid*, pp. 8, 24.

²⁷ A. R. O'Brien, et al, *Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements*, Cambridge: Cambridge University Press (2000): 3.

²⁸ See e.g. United Nations. Report of the Panel of Eminent Persons on United Nations–Civil Society Relations, "We the Peoples: Civil Society, the United Nations and Global Governance," (June 2004); Asian Development Bank, "The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information" (December 2004); European Investment Bank, "Transparency — Report and Proposals" (2004).

²⁹ Richard Falk and Andrew Strauss, "Toward Global Parliament," *Foreign Affairs*, (2001), vol. 80, issue 1, p. 220.

viewed as a primarily top-down, government driven endeavor. Rather, there is a broad recognition that development initiatives are more likely to be sustainable and effective if they are based upon affected people's own analyses of the problems they face and the appropriate solutions.³⁰ Thus, the Brundtland Commission concluded that "securing effective citizen participation in decision-making" is one of the main prerequisites of sustainable development.

Increased public participation and accountability in decision-making advances human development in two important ways. First, it significantly improves development effectiveness. The World Bank has consistently found a high correlation between the extent and quality of public participation and overall project quality.³¹ Moreover, democratic participation and accountability have also been shown to be critical in enabling societies to avert catastrophes such as war and famines, by providing governments with the information and political incentives necessary to avoid them.³² With respect to environmental decision-making, Principle 10 of the Rio Declaration on Environment and Development, adopted by 178 countries, recognized the importance of transparency, participation, and access to mechanisms of redress and accountability in effective environmental decision-making.³³

Second, increasing people's ability to participate in public decision-making is also a constitutive component of development.³⁴ Development is now understood to be a multidimensional challenge that is broader than alleviating income poverty.³⁵ It includes improving the capacity of the poor to exercise voice and political power to gain equitable access to resources and opportunities, and to defend their rights and interests in the political process.³⁶ As the World Bank has recognized, empowering the poor to influence the decisions that will affect their lives is therefore a critical dimension of their development.³⁷ This requires that the poor must be able to express their interests, and to impose sanctions on decision-makers if they fail to respond effectively to those interests.³⁸

³⁰ Clark (1991), p. 89; Jane G. Covey, "Critical Cooperation? Influencing the World Bank," in Fox and Brown (1998), p. 87.

³¹ See, e.g., World Bank "Annual Review of Development Effectiveness." Operations Evaluation Department (OED) (2002a); World Bank, "World Bank Civil Society Progress Report 2000/2001," (2001c); World Bank, "Assessing Aid: What Works, What Doesn't and Why," (1999a); World Bank "Quality at Entry in CY99—QAG Assessment." Quality Assessment Group (QAG) (2000d); World Bank, *The World Bank Participation Source Book*. Washington DC (1996).

³² Amartya Sen, *Development as Freedom*. New York: Alfred A. Knopf (1999), pp. 51, 180-181; Peter Singer, *One World*, New Haven, CT: Yale University Press (2002), p. 132.

³³ United Nations Conference on Environment and Development (UNCED), "Rio Declaration on Environment and Development" paper presented at the United Nations Conference on Environment and Development in Rio de Janeiro, Brazil, June 3-14 (1992).

³⁴ Sen (1999), pp. 5; UNDP (2002), p. 1.

³⁵ Daniel D. Bradlow, "Development Decision-making and the Content of International Development Law, 27 B.C. Int'l and Comp. L.R. 195 (2004), p. 207.

³⁶ Deepa Narayan, *Voices of the Poor: Can Anyone Hear Us? Voices from 47 Countries*. Washington, DC: World Bank, (1999), pp. 7, 12.

³⁷ World Bank. "Empowerment and Poverty Reduction: A Sourcebook." Draft. Poverty Reduction and Economic Management (PREM), (May 1, 2002b), p. vi; see also Rosemary McGee and Andy Norton, "Participation in Poverty Reduction Strategies: Synthesis of Experience with Participatory Approaches to Policy Design, Implementation and Monitoring," *IDS Working Paper* No. 109, (2000), p. 68.

³⁸ World Bank. *World Development Report 2004: Making Services Work for Poor People*. Washington, DC (2004e), p. 79.

Participation and Empowerment in World Bank Decision Making

The democratic and developmental imperatives require that the Bank operationalize a more participatory approach to decision making. As the Bank has noted, participation in decision making does not mean merely being consulted or listened to; rather, it is “a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.”³⁹ And since the poor and other marginalized groups often have limited capabilities and opportunities to influence decisions, they must be empowered in the decision making process if their participation is to be meaningful.⁴⁰ Empowerment, according to the Bank, requires “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.”⁴¹ To be empowering, then, participatory mechanisms must address unequal power relations in a way that transfers decision-making authority, and the ability to hold other decision-makers accountable, to those who will be affected by the decisions.⁴²

The Bank should be attentive to expanding space for the poor to control their own destiny wherever possible, including in the Bank’s own decision-making. Currently, when the Bank involves the public in its decision-making, it is almost always in non-empowering ways—by informing the public of its decisions, or by consulting them as an input to its decisions. It rarely uses more empowering participatory mechanisms, in which decision-making authority is shared with, or transferred to, those who will be affected.⁴³ Because empowerment is so central to development, the Bank’s current system, in which the authority to make critical decisions is often taken from the poor and exercised in closed Bank boardrooms, is ultimately as antithetical to their development as taking food from them and serving it in the Bank’s cafeteria.

This discussion paper focuses on these more meaningful, empowering forms of participation. There are at least three levels at which participatory and democratic decision making can be examined in the World Bank. The first concerns opportunities for more meaningful and empowering participation across the Bank’s project and policy cycles. Much of this report is devoted to identifying these opportunities. Second, there are deeply entrenched institutional constraints to participation within the Bank, particularly in terms of its governance structure and incentives to staff. The third level concerns the Bank’s relations with national governments, where it has a comparative advantage in opening up political space and creating institutional

³⁹ World Bank, *The World Bank Participation Sourcebook*. Environmentally Sustainable Development. Washington, DC (1996), available at <http://www.worldbank.org/wbi/sourcebook/sb0100.htm>

⁴⁰ World Bank (2002b), p. 11.

⁴¹ *Ibid*, p. vi.

⁴² Critical observers have dismissed participation without power as a “new tyranny” in which “the sham of participation translates into the sham of accountability.” Bill Cooke and Uma Kothari (eds) (2001) *Participation: The New Tyranny?*, London and New York: Zed Books; see also Adil Najam ‘NGO Accountability: A Conceptual Framework’, *Development Policy Review*, (1996), vol. 14, pp. 346-7.

⁴³ The Bank distinguishes between four levels of participation. Information dissemination involves a one-way flow of information from the Bank or governments to intended beneficiaries; Consultation involves a two-way flow of information, such as through participatory assessments and consultative meetings; Collaboration involves a shared control over decision making; and, Empowerment involves a transfer of control over decisions and resources. See World Bank (1996).

reform for improved participation.⁴⁴ We touch only briefly on this crucial dimension, as it is beyond our mandate for this paper. In combination, each of these levels of analysis are about finding an new path out of an approach to development that continues to emphasize top-down, elite driven initiatives over more participatory and empowering approaches.

⁴⁴ World Bank (2002b), pp. v, vii.

III. PUBLIC PARTICIPATION, REPRESENTATION AND ACCOUNTABILITY IN INSTITUTIONAL GOVERNANCE

The World Bank's governance model has been widely criticized as being inconsistent with the basic tenets of democratic and accountable decision-making, and therefore inappropriate for a public development institution. Many critics, including governments, civil society organizations, other international institutions, academics, and Bank staff have observed that the Bank is not sufficiently representative, transparent, open to public participation, or directly accountable to those who are affected by its operations.⁴⁵

1. Affected citizens have few opportunities to directly influence Board decision-making.

The governance structure of the World Bank is based upon a corporate model, in which member government shareholders are represented by a Board of Governors. The Board of Governors meets once a year, and delegates responsibility for supervising day to day operations to a Board of Executive Directors. Voting power on these Boards is apportioned between member governments in accordance with their ownership share in the institution. Public voice and accountability, in this model, is secured indirectly through state representation on the Board. In principle, management and staff are accountable to the member states through their board representatives, who, in turn, are accountable to their citizens.

While this form of governance does not necessarily preclude the public from directly petitioning the Board, in practice, opportunities for doing so are quite limited. Meaningful public engagement with the Board is confounded by the fact that the Board meets in closed door sessions that are shielded from public scrutiny. Often, the public does not know the substance of what the Board is discussing, because many critical loan documents are disclosed only after the Board has approved them. Moreover, the Board rarely seeks to interact with the public directly by, for example, holding informal public hearings to hear testimony or discuss policy options or by conducting fact finding missions.⁴⁶

2. Representation of affected people is compromised by the fact that voting shares are disproportionately allocated to donor countries.

For citizens in borrowing countries to be fairly and effectively represented by their Executive Directors, those Directors must have a meaningful voice in institutional governance. Presently, however, the voice of borrowing countries in the governance of the Bank is difficult to reconcile with basic principles of equity and democratic governance. Voting shares are supposed to be apportioned to each member country roughly in accordance with the size of its economy. Even if this worked properly, it would be problematic from the perspective of democratic representation, because it disenfranchises those with the greatest interest in Board decision-making. But in

⁴⁵ See e.g., UNDP (2002), p. 112; Aldo Calieri and Frank Schroeder, "Reform Proposals for the Governance Structures of the International Financial Institutions: A New Rules for Global Finance Briefing Paper," paper prepared for New Rules. Org (2003), p. 4; Bretton Woods Project, "Open Statement on Steps to Democratize the World Bank and IMF, 97 signatories" (April 1, 2003) [http://brettonwoodsproject.org/article.shtml?cmd\[126\]=x-126-16202](http://brettonwoodsproject.org/article.shtml?cmd[126]=x-126-16202); Ngaire Woods, "Unelected Government: Making the IMF and World Bank More Accountable," *Brookings Review* (March 2003), p. 2.

⁴⁶ One notable exception is discussed in Daniel Bradlow, "Lessons from the NGO Campaign Against the Second Review of the World Bank Inspection Panel: A Participant's Perspective," *7 ILSA J Int'l and Comp L* 247 (2001a).

reality, the formula for allocating voting shares underestimates the size of developing economies, and therefore affords them a diminished opportunity to influence decision making.⁴⁷ The weighted voting system decidedly favors the major donor governments, particularly the United States. Thus, the G-7 countries control about 43 percent of the voting shares of IBRD, with the United States alone controlling about 16 percent. Meanwhile, the voting rights of many poor borrowing countries are so small as to be essentially symbolic. For example, the 46 sub-Saharan African countries have a combined voting share of only about 5.4 percent.⁴⁸

The disparity in voting power between developed and developing countries allows the G-7 countries, particularly the United States, to effectively set the agenda and control the broad policy directions of the institution. As a result, the favored policy prescriptions of these countries tend to become enshrined as orthodoxy, while alternative “home-grown” solutions that may be more appropriate in specific political or cultural contexts are often rejected as not “politically feasible.”⁴⁹ This creates a substantial moral hazard problem--since the donor countries that wield the most voting power do not borrow from the Bank, they are not accountable to citizens that are affected by their decisions.⁵⁰ The separation of decision-making power from political accountability allows donor governments to govern the institution in accordance with their own domestic political interests.⁵¹ After all, as Ann Florini has observed, “[g]overnments, answerable only to domestic electorates, face few incentives to act for the benefit of someone else’s constituency.”⁵²

The governments of the world have recognized that equitable voice and effective participation of developing countries in international economic decision-making is critical to legitimacy, relevance and effectiveness.⁵³ Thus, the Heads of State that gathered in Monterrey in 2002 to address the problems of development finance stressed “...the need to broaden and strengthen the participation of developing countries and economies in transition in international economic decision-making and norm setting,” and specifically called on the World Bank to enhance participation of all developing and transition countries in their governance.⁵⁴ The Board of Governors has begun to consider various options to improve the voice and representation of developing countries, but little progress has been made so far.⁵⁵

⁴⁷ United Nations. “World Economic Situation and Prospects 2005” (2005), p. 72; Joseph S. Nye, et al. *The Democracy Deficit in the Global Economy: Enhancing the Legitimacy and Accountability of Global Institutions*, Washington, DC: Trilateral Commission (2003), pp. 67-68; Stephany Griffith-Jones, “Governance of the World Bank,” Department for International Development (DfID), United Kingdom (undated); Emerging Markets Eminent Persons Group (EMEPG), “*Rebuilding the International Financial Architecture*” (October 2001), p. 44.

⁴⁸ World Bank, Annual Report, Washington, DC (2004a).

⁴⁹ Didier Jacobs, “Democratizing Global Economic Governance” paper presented at the Alternatives to Neoliberalism Conference sponsored by the New Rules for Global Finance Coalition, May 23-24, (2002), p. 2; Daniel Bradlow, “Stuffing new wine into old bottles: the Troubling case of the IMF,” *J. International Banking Regulation* (2001b), p. 18; Nancy Birdsall, “Why It Matters Who Runs the IMF and the World Bank” Center for Global Development, (October 2003), p. 12.

⁵⁰ Bradlow (2001b), p.18.

⁵¹ Bradlow (2001b), p.18.

⁵² Ann Florini, *The Coming Democracy*, Washington, DC: Island Press (2003), p. 14.

⁵³ United Nations, (2005), p. 72.

⁵⁴ International Conference on Financing for Development. “Monterrey Consensus,” Final Outcome of the International Conference on Financing for Development, adopted on 22 March (2002), para. 62.

⁵⁵ World Bank and International Monetary Fund Development Committee, “Voice and Participation of Developing and Transition Countries: Progress Reports” (September 2004b).

3. Representation of affected people is also compromised by the inequitable allocation of Executive Director seats.

Since the Board is comprised of only twenty-four Executive Directors to represent all 184 member countries, many countries must share representation. Eight of the most powerful countries are represented by their own Executive Directors, while the remaining 176 countries are grouped into 16 constituencies of 4-24 countries each.⁵⁶ Those constituencies that include both donor and borrowing countries are almost always represented by an official from a donor country.⁵⁷

The constituency system dilutes the representation and public accountability function of the Board in several important ways. First, it means that most borrowing countries are not represented by an official of their own government, and therefore do not have a direct voice in Board decision-making. Instead, they are represented by Directors that are not politically accountable to them, and who therefore may be tempted to neglect their interests in favor of those their own governments.⁵⁸ Second, constituent representatives are unlikely to be able to advance the interests of all of their members as effectively as a Director that represents only one country.⁵⁹ Constituencies often include a diverse collection of member countries that are lumped together by only the loosest historical, geographical, or cultural ties. Constituent Executive Directors are elected for two year terms—a tenure that is far too short to develop an appreciation of the specific development challenges, and the disparate political economies and cultures in which those challenges must be met, for each of these countries. It is also far too short to learn to be effective in advancing the interests of the constituent governments within the political culture of the Bank.⁶⁰ Thus, the Executive Director that represents 24 sub-Saharan countries for a two-year period can not be as effective at “working the system” on behalf of all of those countries as the United States Executive Director, who represents one country, and is appointed for an indefinite term.⁶¹

4. Representation of affected people is further diluted by the United States’ prerogative to name the Bank’s President.

The informal arrangement in which the President is selected by, and therefore accountable to, the United States greatly enhances American power within the institution.⁶² Because the President has considerable discretion in shaping the institution’s agenda, rules and processes, the United

⁵⁶ These are the United States, France, Germany, Japan, the United Kingdom, Russia, Saudi Arabia and China.

⁵⁷ Calieri and Schroeder (2003), p. 4. For example, all Eastern European borrowing countries are represented by a Western European Executive Director.

⁵⁸ Ngarie Woods, “Structural Adjustment for the IMF: Options for Reforming the IMF Governance Structure,” (2001), p. 6. Calieri and Schroeder (2003), p. 4.

⁵⁹ For an analogous argument regarding the governance of the IMF, see Bradlow (2001a), p. 1.

⁶⁰ Bradlow (2001a), pp. 17; Calieri and Schroeder (2003), p. 5.

⁶¹ The expression was used by the Deputy Secretary of the U.S. Treasury. Lawrence Summers, Remarks to the Senate Foreign Relations Subcommittee on International Economic Policy and Export/Trade Promotion, January 27, 1999.

⁶² Devesh Kapur, “The Changing Anatomy of Governance of the World Bank,” in Jonathan R. Pincus and Jeffrey A. Winters (eds), *Reinventing the World Bank*. Ithaca: Cornell University Press (2002), p. 60.

States' prerogative to name the President means that it actually wields much greater power than its voting shares would suggest. This prerogative has been widely derided by governments, international organizations, academics, civil society critics, and many within the institutions as being impossible to reconcile with basic principles democratic governance.⁶³ Thus, in 2001, joint World Bank-IMF working group called for a meritocratic selection process open to qualified candidates of any nationality.⁶⁴ The most recent Presidential selection process has brought these concerns to the fore, as many have decried the undemocratic selection process, and fear that the incoming President will seek to more closely align the Bank's agenda with the geopolitical interests of the United States.⁶⁵

5. Accountability to affected people is undermined by the fact that Board oversight of management and staff is often perfunctory.

Most Executive Directors do not have the time to closely scrutinize or take nuanced positions on the dizzying array of papers, policies, and project proposals that management places before them. At best, they can consider them in only a highly selective manner.⁶⁶ Management and staff exploit these capacity constraints by inundating the Board with far more paperwork than they can effectively review, particularly during "bunching season" at the end of the fiscal year. Moreover, management and staff seldom divulge internal policy disagreements to the Board, preferring instead to present a unified front in Board discussions. As a result, the Board is deprived of the opportunity to participate in these debates, or to hear and consider the alternative views of those whose arguments did not prevail within the organization.⁶⁷ As a result, once an issue is placed before the Board, its approval is all but assured.

Representatives of borrowing governments are particularly disadvantaged by this balance of power between management and the Executive Directors. They often lack the kind of analytical support from parent ministries that helps donor Executive Directors to stay on top of the complex issues before them.⁶⁸ Moreover, because Executive Directors that represent constituencies are rotated frequently, they have little time to master the issues before they are replaced. These Executive Directors are further disadvantaged by the widespread perception that Board approval is merely a ratification of decisions that have already been made by management in consultation with most powerful members, and that efforts to exercise influence are therefore rather futile.⁶⁹

⁶³ UNDP (2002), p. 113; Bretton Woods Project (2003); International Financial Institutions (IFI) Democracy Coalition, "Democratizing the World Bank and IMF: Statement of the IFI Democracy Coalition" endorsed by over 50 NGOs (Feb 10, 2005); EMEPG (2001), p. 43; Financial Times, "World Bank Transparency Plea" (February 3, 2005).

⁶⁴ World Bank and International Monetary Fund, "The Bank Working Group to Review the Process for Selection of the President, Draft Joint Report" (2001).

⁶⁵ See e.g., Robert Hunter Wade, Wolfowitz the Pawn in Global Games, *The Guardian* (April 1, 2005)

⁶⁶ Richard Gerster, "Accountability of the Executive Directors of the Bretton Woods Institutions," Swiss Coalition of Development Organizations (1993), p. 4; Kapur (2002), p. 59; Woods (2003), p. 7.

⁶⁷ World Bank, "Report of the Ad Hoc Committee on Board Procedures" Washington DC (May 26, 1992b).

⁶⁸ Woods (2003), p. 2.

⁶⁹ Woods (2003), p. 2; For similar complaints made by Executive Directors at the IMF, see International Monetary Fund (IMF), "External Evaluation of IMF Surveillance Report by a Group of Independent Experts" (1999), p. 34.

6. The Bank’s accountability to affected citizens is also undermined by weaknesses in transparency, representativeness and accountability of Executive Directors to citizens within borrowing countries.

For most of the world’s citizens, the chances of holding their representatives to account is vanishingly small. Public accountability of Executive Directors is significantly impaired by Board secrecy.⁷⁰ Even if Board deliberations were more transparent, it would still be difficult for citizens to determine how they were being represented, since decisions are usually made by consensus without formal votes being taken.⁷¹ While individual directors are free to explain to their constituencies how they voted and why, few are required or choose to do so on a routine basis. Since votes are usually not taken, and since records of those votes and the deliberations that preceded them are not publicized, citizens simply do not know how their Executive Directors are representing them. In such circumstances, it is fanciful to believe that citizens can hold their governments to account for how they represent them.⁷²

Even if citizens were apprised of how they were being represented, the lines of accountability between Executive Directors and citizens are so tenuous that citizens have no way to ensure that their interests are being represented, or to hold the institutions directly accountable where they are not. First, there is nothing that citizens in one country can reasonably do to hold an Executive Director from another country accountable for her actions. Moreover, many member states are not representative democracies, and are thus not accountable to their own people. And even in those member countries that are democratic, the political distances between the public, their elected representatives, and those who represent their interests on the Board stretch the lines of accountability beyond their breaking points.⁷³ Conversely, in many aid dependent countries, short and taut lines of accountability may run from government interlocutors back to the Bank, since the potential sanction of withdrawal of Bank support may be a stronger political incentive than any that the public or parliament may bring to bear.⁷⁴

7. Representation of affected people is further compromised by the fact that finance and development ministries of member states dominate decision-making.

Although the World Bank is supposed to be the agent of its member states, it is in effect administered by a “club” of officials that represent only a narrow spectrum of the political

⁷⁰ Transcripts of meetings and summaries of Board discussions are not made public. Recent changes to the disclosure policy, however, allow for names of Executive Directors who wish to be recorded as abstaining from a vote or objecting (and thus the names of those who supported a decision may be inferred). They also allow Board minutes to be disclosed after approval by the Board, but members can redact any material prior to release. See World Bank. “World Bank Disclosure Policy: Additional Issues: Follow-Up Consolidated Report (Revised).” Operations Policy and Country Services, (February 14, 2005c), p. 4.

⁷¹ While consensus decision-making would appear at first blush to neutralize the differences in voting power between the Directors, in practice it reinforces them without requiring that power to be explicitly invoked. Consensus does not require unanimity, but reflects the Chairman’s “sense of the meeting,” which is determined by the voting power of those who express their support or opposition to a given outcome. Birdsall (2003).

⁷² Caliri and Schroeder (2003).

⁷³ Nye et al (2003), p. 4.

⁷⁴ Anne Marie Goetz and Rob Jenkins, “Voice, Accountability and Human Development: The Emergence of a New Agenda,” Background Paper for the Human Development Report 2002, (2001), p. 6.

apparatus of its member states—the finance and development ministries.⁷⁵ Thus, the Bank is governed by “parts of governments working with similar parts of other governments,” but excluding other, more democratically responsive, parts of their own governments.⁷⁶

Representation by narrow and relatively unaccountable departments of the government raises serious questions about whether the broader public interest, or the interests of other constituencies, are being adequately represented.⁷⁷ In particular, citizens that are concerned about issues that have little to do with the authority or expertise of the finance ministries--such as poverty reduction, health care, human rights, gender equality or the environment—are not likely enjoy responsive and accountable representation through this arrangement.

8. There are no mechanisms of “horizontal” accountability through which states or citizens can hold the Bank to account.

At the State level, governments typically bolster public accountability through a rubric of institutional checks and balances in which certain branches or agencies of government are empowered to oversee and sanction other agencies.⁷⁸ But no such mechanisms exist at the international level to constrain Bank decision-making by force of law or threat of sanction.⁷⁹

Each of the potential mechanisms of horizontal accountability—the United Nations, the World Court, and international human rights courts and tribunals--turns out to be inadequate. Of these, the United Nations would appear to be the most promising, since the Bank is a Specialized Agency of the UN. However, the Relationship Agreement between the UN and the Bank specifically precludes the UN from involvement in the Bank’s discretionary decision making with respect to its lending operations.⁸⁰

The World Court is also unavailable as an accountability mechanism, because (a) only states can bring cases before it,⁸¹ and (b) the Bank’s Articles of Agreement preclude member states from bringing legal action against the Bank.⁸² Finally, international human rights law as applied by courts and tribunals has so far proved equally unavailing as an avenue of redress. The Bank has

⁷⁵ Robert O. Keohane and Joseph S. Nye, “The Club Model of Multilateral Cooperation and Problems of Democratic Legitimacy,” in Roger B. Porter, Pierre Sauv , Arvind Subramanian, and Americo Beviglia Zampetti, (eds) *Efficiency, Equity, and Legitimacy: The Multilateral Trading System at the Millennium*, Washington, DC: Brookings Institution (2001).

⁷⁶ Nye et al (2003), p. 4.

⁷⁷ Birdsall (2003), p. 18.

⁷⁸ Goetz and Jenkins (2001): 7; Ruth W. Grant and Robert O. Keohane, “Accountability and Abuses of Power in World Politics,” *International Law and Justice Working Paper 2004/7*, Institute for International Law and Justice, New York University School of Law (2004), p. 3.

⁷⁹ See, International Law Association, “Final Report of the Committee on the Accountability of International Organizations to the Berlin Conference,” (2004), p. 31; Joseph Oloka-Onyango and Deepika Udagama, “U.N. Sub-Commission on the Promotion and Protection of Human Rights, Globalization and its Impact on the Full Enjoyment of Human Rights” (Aug. 2001).

⁸⁰ Agreement Between the United Nations and the International Bank for Reconstruction and Development (IBRD), art. IV(3) 16 U.N.T.S 346 (1948).

⁸¹ Statute of the International Court of Justice, art. 34(1) (1945).

⁸² IBRD, Articles of Agreement, art VII(3). World Bank loan and credit agreements do include arbitration provisions, but they have never been invoked.

maintained that it is limited in how it can consider international human rights conventions by its Charter prohibition on Bank interference in the “political affairs” of its member countries.⁸³ While civil society and academic observers have sharply and persuasively criticized this argument,⁸⁴ and the Bank may be rethinking this position, no court has yet addressed the parameters of the Bank’s human rights obligations.

⁸³ Ibrahim F.I. Shihata, “Issues of Governance in Borrowing Members and the Extent of their Relevance Under the Articles of Agreement” unpublished memorandum of the Vice President and General Counsel of the World Bank, (Dec. 21, 1991); Ibrahim F.I. Shihata, “Human Rights, Development, and International Financial Institutions,” *American University Journal of International Law and Policy* 27, 28 (1992).

⁸⁴ Daniel D. Bradlow, “The World Bank, the IMF, and Human Rights,” *Transnational Law and Contemporary Problems* 47 (1996); F. MacKay, “Universal Rights or a Universe Unto Itself? Indigenous Peoples’ Human Rights and the World Bank’s Draft Operational Policy 4.10 on Indigenous Peoples,” *American University International Law Review*, Volume 17 (2002); Also see International Law Association (2004), p. 31

IV. CIVIL SOCIETY EXPERIENCES IN PAST CONSULTATIVE PROCESSES

Over the last decade, the World Bank has responded only partially and incrementally to the recognition that democratic decision-making is essential for the legitimacy and effectiveness of an international development institution. As a result, large and growing segments of the public do not believe that their interests are being represented in the Bank, or that the Bank is accountable to those who are affected by its operations.⁸⁵ This section reviews the experiences of civil society organizations at the global, national, and project-level that have generated this crisis of legitimacy at the Bank.

IVa. Participation in Global Policy Reviews

Since the 1980s, civil society organizations have mounted sustained advocacy campaigns to hold the Bank to account for the negative environmental and social impacts of its operations.⁸⁶ These campaigns have been successful in forcing the Bank to consider the negative impacts of its lending operations, and to adopt a set of “safeguard policies” on sensitive issues such as environmental impacts, involuntary resettlement, and indigenous peoples.⁸⁷ For civil society organizations and affected peoples, these policies have become the touchstone of the Bank’s accountability for the impacts of its projects. They represent normative commitments by the Bank regarding the planning processes and development outcomes that it will require for a project or program to be eligible to receive its support. They also establish minimum standards regarding how the rights and interests of locally affected communities will be protected, and provide some assurances that the costs of Bank-financed projects will not be disproportionately borne by vulnerable members of society or their environment. Some of the safeguard policies, including the Environmental Assessment, Indigenous Peoples, and Involuntary Resettlement Policies, also provide minimum guarantees that local communities will have the opportunity to participate in decisions that affect them.

Over the past several years, the Bank has revised several of its most important environmental and social safeguard policies, including Resettlement, Indigenous Peoples, and Forests. It has also conducted strategic reviews of some of its most controversial lending practices—including structural adjustment lending and support for extractive industry and large dam projects. Additionally, the World Bank has recently conducted consultations around its proposed country systems strategy, and the IFC is undertaking consultations on its approach to social and environmental safeguards.

Each of these processes has included a significant public consultation component. This reflects the World Bank’s recognition that these review processes would not be considered to be legitimate or methodologically rigorous unless they included the perspectives of affected

⁸⁵ UNDP (2002), p. 112.

⁸⁶ Fox and Brown (1998), p. 2.

⁸⁷ The ten safeguard policies are: OP/BP 4.01 *Environmental Assessment*, OP/BP 4.04 *Natural Habitats*, OP 4.09 *Pest Management*, OP/BP 4.12 *Involuntary Resettlement*, OD 4.20 *Indigenous Peoples*, OP 4.36 *Forestry*, OP/BP 4.37 *Safety of Dams*, OPN 11.03 *Cultural Property*, OP/BP 7.50 *Projects on International Waterways*, OP/BP 7.60 *Projects in Disputed Areas*.

stakeholders.⁸⁸ This an important advance over its approach in earlier generations of policy revisions, in which transparency and public input were far more circumscribed. Despite this improved access, civil society's efforts to influence policy development continue to be impeded in a number of important ways. This section describes the different mechanisms that the World Bank has used to revise its policies and sector strategies, and reviews the principal obstacles that participants have experienced in influencing global policy development in each type of review.

Three Approaches to Structuring Policy Reviews

Because the Bank does not have clear and mandatory protocols for designing consultative processes, it must create mechanisms on an ad hoc basis. Recent efforts have employed three different approaches to evaluating and revising global policies and strategies—*unilateral*, *independent*, and *collaborative*. These approaches are distinguished by the extent to which the Bank retains the authority to structure the nature and timing of the public consultation process and to evaluate public inputs. In all three approaches, however, the Bank remains the final arbiter of how those inputs will influence policy outcomes.

In the *unilateral* approach, public consultations are almost entirely Bank-structured. Bank staff devise the format and timing of public inputs, convene the public consultations, and evaluate public inputs. This mechanism is by far the most common, and most of the recent policy revision processes, including the Forestry, Resettlement, Indigenous Peoples, and IFC Safeguards policy reviews, and the consultations around the Country Systems proposal, have employed this approach.

By contrast, the *independent* approach relies upon external experts or stakeholders to drive the process and formulate recommendations. In the World Commission on Dams (WCD), for example, the World Bank and the World Conservation Union (IUCN) established an independent panel of civil society, government, and industry experts to conduct a global review of development effectiveness of large dams.⁸⁹ Similarly, in the Extractive Industries Review (EIR), the Bank commissioned an "Eminent Person" to conduct an external review of the development impacts of the Bank's project and policy interventions in extractive industries.⁹⁰

Under the *collaborative* approach, the Bank and its key stakeholders share responsibility in structuring the review and assessing its outcomes. The Structural Adjustment Participatory Review Initiative (SAPRI) was conceived as a collaborative review, in which the World Bank,

⁸⁸ Mariam Sherman, "Skills Enhancement and Team Building: Forest Policy Implementation Review and Strategy Consultation Process" Social Development Department, World Bank (April 2001), p. 4.

⁸⁹ World Commission on Dams, *Dams and Development: a New Framework for Decision-Making*. London: Earthscan. (2000). Available at www.dams.org. Although the World Commission on Dams was not limited in its mandate to World Bank projects or policies, it is relevant here because it grew out of concern with World Bank support of large dam projects, was commissioned in part by the Bank, and was widely expected by participants to inform the World Bank's support for large dams going forward.

⁹⁰ World Bank, "Striking a Better Balance: The World Bank Group and Extractive Industries," World Bank Extractive Industries Review (2003c).

civil society organizations, and government officials would agree upon research approaches and participation procedures, and jointly assess the impacts of structural adjustment.⁹¹

1. Civil society organizations do not believe that their most important concerns have been adequately considered or addressed in these reviews.

Civil society organizations recognize that the member governments of the World Bank have the final authority to define the operational policies of the institution, and that meaningful public participation does not imply the power to dictate policy outcomes. However, civil society participants in each of these processes have complained that the Bank has not adequately considered their most important concerns or incorporated their recommendations into its policy decisions. Indeed, there is a growing sense that despite the fact that CSOs have consistently called on the Bank to strengthen and expand its environmental and social standards, the Bank increasingly view these policies as a costly impediment to lending, and that the overall trajectory of Bank policy-making is toward relaxing minimum standards. As a result, many organizations have come to believe that these consultations are not being conducted in good faith—that while the World Bank is willing to go through the motions of public consultations to bolster its legitimacy, it is far less willing to seriously consider public inputs and incorporate them into its policy-making.

The manner in which civil society concerns have been subordinated, however, has varied across each type of policy review process. Civil society organizations have generally given the independent and collaborative reviews high marks for considering their priorities and for developing policy recommendations that thoughtfully address them.⁹² Yet in each case, the Bank failed to significantly adjust its policy framework in light of the review’s findings or recommendations. Thus, the Bank has refused to commit to abide by the WCD guidelines for developing large dam projects, despite the fact that a growing number of international organizations, governments, financial institutions and private-sector actors have agreed to do so.⁹³ Instead, the bank has agreed only to assist governments and project developers to “test” the recommendations in their projects.⁹⁴ Similarly, after accepting much of the background research in the SAPRI review, the Bank terminated its involvement and has not revised its policies in accordance with the findings.⁹⁵ And finally, while civil society groups believed that the Eminent Person’s recommendations in the EIR broadly reflected their concerns, the Bank agreed to adopt only a limited set of second-order or diluted recommendations.

⁹¹ Development GAP, *Structural Adjustment: The SAPRI Report. The Policy Roots of Economic Crisis, Poverty and Inequality*. London: Zed Books (2004).

⁹² For civil society reactions to the WCD see Aviva Imhof, Susanne Wong, and Peter Bosshard, “Citizen’s Guide to the World Commission on Dams” International Rivers Network (2002); Navroz K. Dubash, Mairi Dupar, Smitu Kothari, and Tundu Lissu, *A Watershed in Global Governance? An Independent Assessment of the World Commission on Dams*, World Resources Institute, Lokayan, and Lawyer’s Environmental Action Team. (2001). For civil society reactions to the EIR see Bank Information Center, et. al, “A Civil Society Analysis of the World Bank’s Response to the Extractive Industries Review” (2004). See generally, Lawrence (2005).

⁹³ Lawrence (2005), p. 8.

⁹⁴ World Bank, “The World Bank Position on the Report of the World Commission on Dams” (2001d).

⁹⁵ Development GAP (2004), pp. 23-24. For its part, the Bank maintains that the findings of the SAPRI review did influence its approach to poverty and social impact assessment and PRSP instruments. See World Bank, “World Bank-Civil Society Engagement: Review of Fiscal Years 2002-2004” (2005b), p. 3.

Many organizations believe that the Bank has been similarly unresponsive to their concerns in policy revisions conducted unilaterally. In these reviews, the civil society organizations have frequently objected that, far from addressing their most pressing concerns, the Bank has used the opportunity to lower the standards embodied in the existing policy.⁹⁶

2. Public input often is not solicited until after internal consensus on key issues has been reached.

Some policy consultations have been initiated only *after* agreement between management and the Board of Directors has already been reached on key issues.⁹⁷ This is the result of two aspects of internal decision-making: (1) management's desire to have adequate space for internal reflection and deliberation; and (2) the Board's insistence on approving draft policies before they are placed in the public domain. Management and the Board are clearly entitled to have the opportunity to flesh out issues and develop initiatives internally. But the current requirement of prior Board approval of management proposals limits the depth and breadth of acceptable civil society input, and turns public consultations primarily into efforts to obtain public validation for decisions that have already been taken.⁹⁸

3. The Bank has not been clear about the range of issues that are under consideration.

The Bank rarely articulates what it hopes to achieve from a proposed consultative process. In particular, it seldom clarifies which issues are, and are not, open for consideration, or what policy options are "politically feasible."

This failure to make the parameters of the consultation clear early on violates basic tenets of participatory and collaborative decision-making,⁹⁹ and has falsely raised expectations about what could be achieved through engagement. This has been a particular issue in "collaborative" and "independent" reviews, in which there is greater latitude for deliberations and recommendations to depart from established Bank orthodoxies. For example, the outcomes of the WCD and SAPRI appear to have so thoroughly transgressed the unspoken boundaries of political feasibility that the Bank distanced itself from the processes and refused to explicitly adopt any of their conclusions or recommendations.¹⁰⁰ The EIR also exceeded its political constraints in similar,

⁹⁶ Letter from 113 NGOs from 35 Countries to World Bank President, James D. Wolfensohn, Dec 10, 1997 (Forest policy); Letter from Center for International Environmental Law and International Rivers Network on behalf of 158 other organizations and individuals to James Wolfensohn, February 21, 2001, <http://www.ciel.org/Ifi/wbresttleletter.html> (resettlement policy), Letter from 186 international civil society organizations to Executive Directors regarding World Bank Safeguard Policies (Country systems); BIC and CIEL, Country Systems Approach to World Bank Social and Environmental Safeguards: Concerns and Challenges, http://www.bicusa.org/bicusa/issues/misc_resources/1775.php

⁹⁷ World Bank, (2005a), p. 16.

⁹⁸ Bruce Jenkins and Jen Kalafut, "Comments on 'Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations: A Discussion Paper'" draft, Bank Information Center, (October 24, 2003), pp. 3-4.

⁹⁹ Barbara Gray, *Collaborating: Finding Common Ground for Multiparty Problems*. San Francisco: Jossey-Bass, (1989); Lawrence Susskind, Sarah McKearnan, and Jennifer Thomas-Larmer, (eds.) *Consensus Building Handbook: A Comprehensive Guide to Reaching Agreement*, Thousand Oaks, CA: Sage Publications. (1999).

¹⁰⁰ Letter from Former Commissioners of World Commission on Dams to James Wolfensohn, (July 12, 2002); Development GAP (2004), pp. 23-25; World Bank (2005a), p. 17.

but more limited ways. In the EIR, civil society participants and the independent Eminent Person believed that the review was to consider the threshold question of whether extractive industries investments were an appropriate vehicle for achieving the Bank's mission of poverty alleviation through sustainable development.¹⁰¹ The Bank, however, was only prepared to consider a narrower set of recommendations on how to improve existing operations. As a result, the Eminent Person's recommendations that the Bank phase out certain operations was rejected out of hand by both management and the Board.¹⁰²

In other policy revision processes, the Bank has defined the issues at stake more narrowly than was appropriate. In the Resettlement and Indigenous Peoples policy revision processes, for example, the Bank originally sought to avoid holding extensive public consultations by maintaining that only to the format of the policy, not the substance, was under review. Only when stakeholders were able to demonstrate to key decision-makers on the Board and in senior management that the proposed revisions would significantly affect the substance of the policies were processes put in place to solicit public input.¹⁰³

The lack of clarity about the range of issues under consideration has engendered deep skepticism about the Bank's sincerity in soliciting public inputs. Many participants have come to believe that the Bank intentionally exploits ambiguity in the parameters of its reviews to suit its interests.

4. The public often has had limited input into setting the scope and agenda for these reviews.

Civil society organizations have typically had little opportunity to contribute to defining the parameters of a review, or conducting the background research that will help to frame the substantive agenda. There has been notable variability between reviews in the extent to which civil society has been invited to contribute to identifying and answering the basic research questions that would inform the policy options. Here again, there have been marked differences between the collaborative and independent reviews on the one hand, and the unilateral reviews on the other. The WCD and SAPRI, in particular, were noteworthy in their inclusive approaches to identifying issues and gathering information.¹⁰⁴

By contrast, in the unilateral approach to conducting consultations, management and staff usually define the underlying research parameters of the review. Typically, these reviews begin with an internal evaluation of recent Bank experience conducted by the Operations Evaluation Department.¹⁰⁵ These reviews tend to rely heavily on World Bank documentation of past

¹⁰¹ World Bank (2003c), p.3.

¹⁰² BIC et. al (2004).

¹⁰³ BIC, "Quality Not Quantity: Lessons Learned from Consultations on the World Bank's Draft Indigenous Peoples Policy" (March 2004). Letter from Center for International Environmental Law (CIEL) and International Rivers Network on behalf of 158 other organizations and individuals to James Wolfensohn, (February 21, 2001). Available at <http://www.ciel.org/lfi/wbresttleletter.html>

¹⁰⁴ Dubash et al., (2001), pp. 53-57; Development GAP, (2004), p. 7. The EIR was less participatory in this regard. For example, it commissioned only a small number of independent research projects, and did not convene an advisory group to help identify critical issues until the drafting stage of the process. See, Friends of the Earth, "The World Bank Extractive Industries Review: A Midterm Assessment," Friends of the Earth US (2002).

¹⁰⁵ This was the practice in the Forestry, Resettlement, and Indigenous Peoples policies reviews, and in the review of the World Bank's lending to large-dam projects that ultimately generated the World Commission on Dams. A

experiences.¹⁰⁶ The Bank rarely, if ever, commissions external research to complement OED's work in scoping issues. Background research priorities are rarely identified or developed in a participatory or collaborative manner. Independent research is rarely, if ever, commissioned. Public consultations typically do not begin until after management and staff have developed a draft revision of the policy. As a result, the Bank's unilateral approach to policy revision allows little space for participatory or collaborative identification of policy challenges to be addressed in the review process. Just as crucially, it fails to establish a shared base of information on which all parties can agree to move forward.¹⁰⁷

5. Limited civil society participation in the design of these reviews has caused them to get bogged down in disputes over process.

Almost invariably, global policy reviews have begun with an imbroglio between civil society and the Bank over the structure and process of the review. Disputes over process have become a set piece in global engagement for two interrelated reasons. First, since the Bank has no mandatory requirements for conducting a consultative process, the terms of engagement must be re-established each time. Second, the Bank has rarely tried to develop the framework for a given consultation in a collaborative way. Although the Bank's Consultation Guidelines recognize that civil society organizations should have a role in designing the consultation process, civil society has rarely been invited to play a role in shaping the design of consultations.¹⁰⁸ In the absence of rules that provide minimum procedural guarantees or negotiated agreements on acceptable mechanisms, process fights are all but inevitable.

The design of consultations has been particularly contentious in processes in which the Bank has taken a unilateral approach to review. For example, many civil society organizations boycotted the first stage of IFC's Safeguard Policy review because they believed that the duration of the consultation period, and the lack of clarity on how feedback on drafts would be provided and incorporated, foreclosed meaningful opportunities to influence outcomes.¹⁰⁹ Similarly, the Resettlement and Indigenous Peoples policy revision processes both began with protracted disputes over procedural issues such as whether there would be public consultations, how they would be structured, and how long the consultation process would last. The Bank made limited efforts to include civil society perspectives into the structure of the Forest Policy review, by inviting one civil society organization to assist in designing the consultation process. This approach also resulted in controversy, however, as many organizations objected that it was not sufficiently inclusive, and that it set up the assisting organization to play an inappropriate gatekeeper role in the process. These concerns took six months to resolve.¹¹⁰

similar process occurred with IFC's review of its Safeguard Policies, which began with a study by the Compliance Advisor Ombudsman under its "advisory" mandate. These studies usually include participatory elements in their research methodologies, but rarely at the agenda setting stage.

¹⁰⁶ This is not to disparage the independence or rigor of OED work, which is widely acknowledged.

¹⁰⁷ This process is typically referred to as "joint information search" or "joint fact-finding" in the negotiation literature (Gray (1989), p. 57).

¹⁰⁸ World Bank. "Consultations with Civil Society Organizations: General Guidelines for World Bank Staff." Washington, DC (2000a).

¹⁰⁹ See civil society statements at www.grrr-now.org.

¹¹⁰ Sherman (2001), p. 7.

Independent reviews have not been immune to such controversies. There, the question has been whether the external reviewers would be sufficiently balanced and independent of the Bank to ensure a fair process. Thus, in the multistakeholder negotiations around the creation of the WCD, the question of whether dam-affected people would be represented on the commission was highly contentious and nearly led to the collapse of the discussions.¹¹¹ In the EIR, civil society organizations had no voice in the threshold decision of who would lead the review. While they did not seriously challenge this exclusion, they did raise a set of concerns about whether the Eminent Person and his staff would have sufficient independence from the Bank. Only when the Eminent Person himself took affirmative action to assert his independence was a civil society renunciation of the process averted.

SAPRI may be the only process that avoided significant disputes over the initial structuring of the review process.¹¹² SAPRI's success in developing a workplan for public outreach that was acceptable to all stakeholders is attributable to the fact that the principle of collaborative design was adopted at the outset of the SAPRI process.¹¹³

6. Many public consultations meetings have been implemented in a rushed, ad hoc, or unprofessional manner.

Both civil society and the Bank have identified a number of deficiencies in the conduct of consultative meetings that compromise the quality of the public input and deliberations.¹¹⁴ Some of the problems have been logistical. Consultations have been poorly planned and underfunded.¹¹⁵ Participants are not always notified of the consultation far enough in advance of the meeting to educate themselves on the issues, strategize with colleagues and constituents, or prepare their contributions to the meeting.¹¹⁶ Moreover, the meetings themselves have sometimes been too short and insufficiently iterative to allow for meaningful exchange of ideas, reflection, or learning.¹¹⁷

Participants have also expressed dissatisfaction with the dissemination of background information. Key Bank documents have not always been distributed to participants far enough in advance of the consultations for them to digest their import.¹¹⁸ Translation of critical documents has been a consistent problem that has plagued nearly all the reviews.¹¹⁹

¹¹¹ Imhof, et al (2002), p. 6.

¹¹² The SAPRI Report explains that “a mutually respectful relationship developed between the SAPRI Secretariat and the Bank counterpart in its Policy Research Department that allowed the professional organization of the Initiative during the project-preparation stage.” Development GAP (2004), p. 23.

¹¹³ Despite this promising start, substantial disagreements over methodologies and conclusions developed over time, and the collaborative nature of the process ultimately degenerated into mutual distrust and recrimination.

¹¹⁴ World Bank (2005a), pp. 16-17.

¹¹⁵ Ibid, pp. 15-16.

¹¹⁶ BIC (2004). Civil society organizations that were invited to participate in some IFC Safeguard Review Process consultations have raised similar complaints.

¹¹⁷ Ibid.

¹¹⁸ Sherman (2001), p. 10; BIC (2004); Letter from Sanjay Basu Mallick et.al to James Wolfensohn on December 14, 2004 (outlining complaints of Indian civil society organizations with organization of Country Systems consultation). Participants have also reported that this was a problem during the EIR consultations.

¹¹⁹ BIC (2004). International Rivers Network (2002),p. 6. This was also reported to be a problem in the EIR consultations.

Finally, civil society participants have sometimes found Bank participants to be arrogant, excessively defensive, or closed minded in their interactions. Too often, Bank staff do not appear to be willing to listen to different perspectives or to reevaluate approaches based on experiences.

Collectively, these practices bespeak a lack of seriousness in dialoguing with civil society and benefiting from their experience or expertise. Civil society recognizes that consultations are time consuming, labor intensive, and logistically challenging to arrange. But participants suspect that when the Bank is truly serious about consultations, as in soliciting the views of donor governments, it brings a much higher level of quality control to the endeavor. That public consultations are continually plagued by these deficiencies leads many to conclude that they are simply not a priority, and that Bank views the public as a less important stakeholder.

7. The Bank has failed to honor some of the commitments that it has made to stakeholders during the course of review processes.

One of civil society organizations' most persistent and penetrating complaints is that the Bank seems to consider the commitments that it makes to stakeholders during the course of its policy dialogues to be provisional. In particular, participants have expressed deep frustration with the Bank's failure to follow through on commitments with respect to issues of overriding importance to them. Two examples illustrate the problem. First, in the Indigenous People's policy review, senior management promised indigenous leaders that they would convene a "legal roundtable", in which lawyers representing indigenous peoples and attorneys in the General Counsel's office could discuss the Bank's obligations to indigenous peoples under international law. The Bank, however, delayed acting on this commitment for two years, and when the Bank finally did make its lawyers available, they refused to discuss the question of Bank obligations under international law.

Second, in the Forest Policy review, there was a broad consensus among many stakeholders that the new Forest Policy should address the indirect impacts of adjustment and programmatic lending on forests.¹²⁰ Management declined to address the issue, assuring civil society (and the Board) that these impacts would be addressed in the upcoming review of the structural adjustment policy. Management promised that it would revise the structural adjustment policy to include a "transparent mechanism for systematically addressing the environmental aspects, including in particular possible forestry impacts."¹²¹ While the new policy does address forest impacts, it is neither transparent nor systematic-- it fails to specify minimum standards to ensure that adequate environmental assessments will be conducted, or that identified impacts will be mitigated.¹²²

¹²⁰ Letter from World Rainforest Movement, Forest Peoples Programme and Environmental Defense (USA) On behalf of 47 International NGOs to James Wolfensohn June 28, 2004; Letter from 113 NGOs from 35 Countries to World Bank President, James D. Wolfensohn, Dec 10, 1997.

¹²¹ World Bank, "Revised Forest Strategy for the World Bank Group: Management Response to Executive Director's Comments and Suggestions," (October 2002e), p. 4.

¹²² World Bank, Operational Policy 8.60: Development Policy Lending (August 2004c), para 11. For a discussion see Bruce Jenkins and Heike Mainhardt Gibbs (undated), BIC Comments on Draft OP 8.60 "Development Policy Lending, at www.bicusa.org/bicusa/issues/BIC_comments_8.601.pdf

This kind of backtracking on commitments seriously compromises the Bank's ability to establish a reputation as a reliable counterpart in its policy dialogues.

8. The Bank does not provide adequate feedback to inform participants how their inputs have influenced policy development.

Review processes do not consistently utilize feedback mechanisms to allow participants to understand how their insights and expertise have informed policy outcomes. Participants expect to be informed about how their inputs have influenced outcomes and, where contributions are not adopted, they expect clear reasons for why other policy options were pursued. Such feedback mechanisms demonstrate respect for participants, introduce greater transparency into decision-making, and provide assurances that inputs have been meaningfully considered. The Bank's failure to explain how public inputs inform policy making feeds the widespread perception that public inputs do not have a significant influence on policy.¹²³

Civil society organizations have identified two feedback mechanisms as being especially important, though not uniformly employed. The first involves the distribution of iterative drafts for comment prior to Board review. This allows participants to comment on how inputs have been adopted before final decisions are taken. Thus, IFC's reluctance to produce such an "indicative draft" prior to Board review has been the source of significant frustration in the ongoing Safeguards Policy review.¹²⁴ The second mechanism is a matrix that compiles all comments and explains how each input was addressed in the policy revision, or why it was not accepted.¹²⁵ This mechanism, which was used by the Bank in its recent "Issues and Options" paper for improving relations with civil society, appears to be gaining greater currency within the Bank.¹²⁶

Conclusion

It is difficult to underestimate the debilitating impact these policy experiences have had on the World Bank's credibility as an institution that is willing to listen and learn from its constituents. Cynicism and disillusionment have flourished in the space between the promise of meaningful participation and the perception of minimal influence. And for many organizations that repeatedly engage the World Bank on policy issues, these global consultative processes are iconic, and tend to define CSOs perceptions of whether their engagement in a proposed consultation process is likely to be useful or not. Thus, the decision of whether or not to devote organizational resources to a Bank consultation is often considered, in the first instance, by reference to past negative experiences. The threshold question that those who are considering engagement in a World Bank policy consultation almost invariably ask is, "How will this process be any more productive than the WCD, the EIR, etc.?" Moreover, these experiences are cumulative and self-reinforcing, in that disillusionment in one process can engender principled disengagement in subsequent processes.

¹²³ World Bank (2005a), p.16.

¹²⁴ BIC (2004).

¹²⁵ World Bank (2000a), p. 11; BIC (2004).

¹²⁶ World Bank, (2005a), p. 50.

IVb. Participation in National Policymaking through PRSPs

The Poverty Reduction Strategy Papers (PRSPs) were adopted by the World Bank and IMF in 1999 as part of a new framework for development assistance to low-income countries. The PRSPs are designed to be country-authored documents built on broad-based public consultations. They are not only foundational documents for setting country-level poverty reduction strategies, but they also are intended to serve as a basis for subsequent lending and resources from the World Bank and IMF. At the IMF, these documents are intended to inform concessional lending through the Poverty Reduction and Growth Facility (PRGF).¹²⁷ At the World Bank, the PRSPs are supposed to serve as a basis for developing the Country Assistance Strategy (CAS),¹²⁸ and to guide both development policy lending (i.e., structural adjustment) and investment lending (i.e., projects). An “Initial PRSP” is required for all countries seeking debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative.

As of mid-2004, 42 countries had completed full PRSPs and had commenced implementing their strategies for poverty reduction. An additional 11 countries had developed Initial PRSPs.¹²⁹ This section reviews civil society experiences in participating in PRSP development. It draws upon numerous reviews of the PRS process, including two recent evaluations conducted by the World Bank and IMF’s evaluation units, and several assessments by civil society organizations.¹³⁰ These reviews are remarkably consistent in identifying factors that have constrained the ability of the public to influence the development of national poverty reduction priorities and approaches through the PRSP process.

The successes of PRSPs are noteworthy. In many countries, PRSP consultation processes have helped draw together different NGOs, donors, and government officials and to harmonize their development priorities.¹³¹ In the process, they have often improved relations between civil society and their governments.¹³² By broadening and deepening civil society’s understanding of budget issues, PRSPs have also increased public scrutiny of public expenditure practices at the local national levels.¹³³ These successes have led Oxfam International to conclude that “[i]n

¹²⁷ The PRGF was formerly the Enhanced Structural Adjustment Facility.

¹²⁸ The PRSP is prepared by the borrower governments of IDA-eligible countries, whereas the CAS is prepared by Bank staff for every country. In principle, the CAS should be based on the PRSP. The Bank’s Executive Directors rely on the CAS for reviewing assistance.

¹²⁹ World Bank and International Monetary Fund. “Poverty Reduction Strategy Papers—Progress in Implementation.” Prepared by the Staffs of the World Bank and the IMF, approved by Gobind Nankani (World Bank) and Mark Allen (IMF). (September 20, 2004a).

¹³⁰ These include assessments by World Vision, ActionAid, Oxfam, AFRODAD, ICFTU, Catholic Relief Services, Jubilee South, CIDSE and Caritas Internationalis, Christian Aid, and Save the Children, among others. Because our discussion here is limited to participation-related issues, we do not include numerous other important critiques raised by these organizations in their reports.

¹³¹ Kel Currah, Matthew Andrews, Angela Wood and Haidy Ear-Dupuy, *Rough Diamond: PRSPs and the 60th Anniversary of the World Bank and IMF*. World Vision International (2004).

¹³² Rick Rowden and Jane Ocaya Irama, “Rethinking Participation,” ActionAid USA / ActionAid Uganda Discussion Paper. Washington, DC: ActionAid International (April 2004), p. 3.

¹³³ Ibid.

response to the question whether the PRSP represented the most open policy dialogue in their country to date, the uniform response . . . in virtually every country was a clear *yes*.¹³⁴

Despite these positive impacts, PRSPs have failed to meaningfully engage civil society in a number of very important respects. Most importantly, many civil society organizations that have decried the impacts of structural adjustment lending had hoped that the PRSP processes would provide an opportunity for countries to reconsider the standard macroeconomic policy prescriptions that the World Bank and IMF require of aid dependent countries in their policy lending. So far, however, these issues have generally not been addressed. The World Bank's Operations Evaluation Department has found that that PRSP consultations are often unclear in their objectives, causing "incompatible expectations among stakeholders." OED also found that civil society organizations often see consultations as having "only limited impact on the design of PRSPs or on domestic policy and that participatory activities have sometimes waned once the PRSP was formulated."¹³⁵ Below, we identify several weaknesses in PRSPs that will need to be addressed in order to enable meaningful participation..

1. The policy debate has usually excluded issues of macroeconomic policy, human rights, and gender equity.

Two key principles underlying the PRSPs is that they are to be "*comprehensive* in recognizing the multi-dimensional nature of poverty" and that they are to be based on "*a long-term perspective* for poverty reduction."¹³⁶ Yet most PRSPs have not considered the full range of issues or policy options required for poverty reduction.¹³⁷ In particular, macroeconomic policy, human rights, and gender issues have generally been excluded from the discussion.

PRSP consultations are supposed to include discussions of macroeconomic policy issues such as growth and inflation targets, and fiscal, monetary, and structural policy options.¹³⁸ The IMF's Independent Evaluation Office has noted, however, that in practice "[t]he PRS process has had limited impact in generating meaningful discussions, outside the narrow official circle, of alternative policy options with respect to the macroeconomic framework and macro-relevant structural reforms."¹³⁹ Fiscal and monetary policy, trade and labor policy (including job creation strategies), financial liberalization and privatization, land reform, domestic/public investment, and foreign investment regulation have typically been excluded from the deliberations.¹⁴⁰ In cases where Millennium Development Goals have been incorporated into PRSPs, these have

¹³⁴ Oxfam International, "From 'Donorship' to Ownership? Moving Towards PRSP Round Two" Oxfam Briefing Paper 51 (2004), p. 6.

¹³⁵ World Bank. *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support Through 2003*. Operations Evaluation Department (OED) (2004d), pp. xiv-xv.

¹³⁶ World Bank. (2004d), p. 3.

¹³⁷ Ibid, pp. xv.

¹³⁸ International Monetary Fund (IMF) "PRGF Factsheet." Poverty Reduction and Growth Facility. (March 2001).

¹³⁹ International Monetary Fund (IMF). *Evaluation of the IMF's role in Poverty Reduction Strategy Papers and Poverty Reduction and Growth Facility*. Prepared by a team headed by David Goldsbrough. Independent Evaluation Office (IEO). Washington, DC: IMF, (2004), p. 3.

¹⁴⁰ International Monetary Fund (IMF) and The World Bank. "Review of the Poverty Reduction Strategy Approach (PRSP): Early Experience with Interim PRSPs and Full PRSPs" (March 2002); Rowden and Irama. (2004); see especially the report's annex, which lays out key questions to consider in each of these areas of policy debate.

tended to focus on education and health, but without sufficient attention to how the macroeconomic framework would be adjusted to achieve those goals,¹⁴¹ or its potential inconsistencies with poverty reduction goals.¹⁴² An independent review of PRSPs in ten African countries found that “PRSPs make the assumption that the macroeconomic framework ... is consistent with poverty reduction. However, all the ten country reports highlight the disjuncture between macroeconomic policies of [existing structural adjustment programs] and PRSP objectives.”¹⁴³ Many observers have attributed governments’ unwillingness to discuss alternative economic policy options to the governments’ understanding that they must propose policy responses that are consistent with the World Bank and IMF’s orthodox development paradigm to ensure eligibility for HIPC relief and other donor support.¹⁴⁴

PRSPs have been equally unsuccessful in addressing human rights and gender issues.¹⁴⁵ Due to the important connections between human rights, empowerment and poverty alleviation, the UN Sub-Commission on the Promotion and Protection of Human Rights has resolved that international human rights covenants should be incorporated in the formulation and review of PRSPs.¹⁴⁶ While some governance issues have become a common feature of PRSPs, these links have largely been overlooked.¹⁴⁷ Similarly, PRSPs (and the WB/IMF Joint Staff Assessments) have typically neglected women’s rights and the gender dimensions of poverty.¹⁴⁸ Consequently, PRSPs have not adequately considered policy options to redress gender disparities in income and wealth, rights, mortality rates, or access to essential services.¹⁴⁹

2. Transparency and access to information have generally been inadequate.

CSO concerns with transparency in PRSP processes fall into two general categories. First, many participants do not have access to the documents they need to fully understand the issues at stake.¹⁵⁰ This is because of the dearth of guidelines on transparency of information relating to the PRSP process,¹⁵¹ the incomplete disclosure of draft Country Assistance Strategies and World

¹⁴¹ Oxfam International (2004), pp. 2, 16-17.

¹⁴² Fantu Cheru. “Economic, Social and Cultural Rights: The Highly Indebted Poor Countries (HIPC) Initiative: A Human Rights Assessment of the Poverty Reduction Strategy Papers (PRSP)” Report submitted to the United Nations Economic and Social Council, Commission on Human Rights, E/CN.4/2001/56, (2001), p. 3; and Rowden and Irama (2004), pp. 4, 43.

¹⁴³ African Forum and Network on Debt and Development (AFRODAD). 2003. *Africa’s Experience with the PRSP: Content and Process: A Synthesis Report of 10 African Countries*. AFRODAD PRSP Technical Paper 2003. Harare: AFRODAD, p. 6.

¹⁴⁴ Cheru (2001), p. 12; Rowden and Irama (2004), p. 7.

¹⁴⁵ Cheru (2001), p. 15.

¹⁴⁶ Oloka-Onyango and Udagama (2001).

¹⁴⁷ Kel Currah, “PRSPs: Development’s Trojan Horse” in Currah et al. (2004), p. 5.

¹⁴⁸ Elaine Zuckerman and Ashley Garrett, “Do Poverty Reduction Strategy Papers (PRSPs) Address Gender? A Gender Audit of 2002 PRSPs” (2003); Oxfam International (2004); op. cit., pp. 2 and 26-27. The PRSP experiences in Uganda and Vietnam, however, have made important first steps towards mainstreaming gender.

¹⁴⁹ Zuckerman and Garrett (2003), p. 3; World Bank, “Integrating Gender into the World Bank’s Work: A Strategy for Action” (2002c).

¹⁵⁰ Catholic Relief Services, “Review of the Poverty Reduction Strategy Initiative, Based upon the Experiences and Comments of CRS Partners in Bolivia, Honduras, Zambia and Cameroon: Contribution to the PRSP Comprehensive Review,” (December 2001), p. 3.

¹⁵¹ While the World Bank has a disclosure policy, many country governments do not. The World Bank leaves disclosure decisions up to country governments.

Bank/IMF loan documents (including PRGFs and PRSCs),¹⁵² and even, in some cases, the PRSP policy matrices.¹⁵³ Nor do citizens have access to draft versions of the Joint Staff Assessment (JSA)¹⁵⁴ before it is submitted to the Boards of the World Bank and IMF. The JSA is supposed to provide “prioritized and candid” feedback to national governments on the PRSP.¹⁵⁵ Its disclosure after completion makes it impossible for civil society to contest the reasoning behind the policy advice. This is of particular concern, given that an OED review found the JSAs to be of “mixed analytical quality and comprehensiveness, inadequate focus on the quality of process orientation, and limited awareness of their findings and recommendations among stakeholders.”¹⁵⁶ Moreover, even when documents are available, they are often not provided sufficiently in advance of consultations, or in a language accessible to participants.¹⁵⁷

Second, governments and the IFIs have not been transparent about their intentions in the process, particularly concerning which issues are, or are not, open for discussion. The IMF’s review of PRSPs recommends that “[c]ountries should present their intentions and objectives, along with the benchmarks selected to monitor progress in a manner open to public scrutiny.”¹⁵⁸ This recommendation applies with equal force to the World Bank and IMF, which do not systematically disclose the range of policy objectives and targets that they deem “realistic” for a particular country, so that participants can more fully understand the range of available policy options.¹⁵⁹

3. PRS processes have frequently been rushed.

Because the PRSP is a key condition for access to debt relief under HIPC, governments have a strong incentive to complete the PRS process quickly. Some full PRSPs have been completed in less than six months after their interim PRSPs.¹⁶⁰ Such an expedited schedule is incompatible with meaningful participation, as it provides insufficient time for stakeholders to prepare their contributions. The quality of the discourse suffers accordingly.¹⁶¹

¹⁵² de Barra, Caoimhe. “PRSP as Theatre – backstage policy-making and the future of the PRSP approach: A CIDSE-Caritas Internationalis Background Paper.” *Coopération Internationale pour le Développement et la Solidarité (CIDSE) and Caritas Internationalis*. (September, 2004), p. 36. See also Oxfam International (2004), p. 10.

¹⁵³ Cheru (2001), p. 14.

¹⁵⁴ The JSA has recently been renamed the Joint Staff Advisory Note (JSAN) in order to reflect its redefinition as providing “advice” to country governments rather a World Bank and IMF “assessment” or “signing off” on the PRSP.

¹⁵⁵ World Bank and IMF (2004a), p. 45.

¹⁵⁶ World Bank (2004d), p. xvii.

¹⁵⁷ Catholic Relief Services (2001), p. 3.

¹⁵⁸ IMF (2004), p. 8.

¹⁵⁹ Rowden and Irama. (2004).

¹⁶⁰ Christian Aid, “Ignoring the experts: Poor people’s exclusion from poverty reduction strategies” Christian Aid policy briefing, prepared in partnership with INESC, Rede Brasil, Mozambique Debt Group, LINK, CEDLA, UNITAS (2001): 14.

¹⁶¹ For example, AFRODAD (2004) found that most consultations were rushed, that CSOs lacked the capacity to participate effectively, and that there was limited space for consultations, and that some governments failed to incorporate alternatives (pp. 30-31). Oxfam’s (2004) review of PRSPs found considerable weaknesses in both the quality and breadth of participation, such that some types of stakeholders were often not included (e.g., the poor themselves, elected local politicians, and powerless rural women) with donors retaining too much control over agenda and policy content (p.8). Trade Unions found consultations to be rushed, shallow, and ill-prepared; see

Moreover, expediting the process creates a bias in favor of elites and middle-class technocrats — in donors, governments, and CSOs alike — who are better positioned to react to the accelerated pace of consultations. Those who need more time to assimilate information and develop their response, including the poor, young people, older people, minority groups, and the disabled, are particularly disadvantaged.¹⁶² Often, PRS processes have been expedited by holding consultations primarily in the capital city, with consultations that are held at the local level being hurried and providing little advance notice to participants.¹⁶³ As a result of these limitations, it is not surprising that the IMF has found that PRSPs have “often generated relatively strong ownership in a narrow circle of official stakeholders responsible for driving the process, but much less among other domestic stakeholders.”¹⁶⁴

4. PRS processes have not systematically included parliamentarians and key line ministries.

The role of parliamentarians in most PRSPs has been very weak. There has been little effort to use the PRS process to build democratic institutions by establishing durable and effective mechanisms of participation that can feed into legislative processes.¹⁶⁵ This raises concerns that “the PRSP process may have by-passed politics in some countries and established forms of representation that do not necessarily advance the interests of the poor over the longer term.”¹⁶⁶ In response, the Parliamentary Network on the World Bank (PnoWB) has recommended that the World Bank executive board not approve PRSPs unless governments have them reviewed by their legislatures.¹⁶⁷ In addition, the participation of line ministries beyond education and health has also been weak. Ministries that are central to poverty reduction, such as agriculture and trade, are often unaware of the PRSP, or exercise minimal influence on it.¹⁶⁸

5. Many stakeholders lack the capacity to analyze alternative policy scenarios.

Diverse stakeholder participation will not sufficiently expand the parameters of the policy dialogue unless it is accompanied by adequate time, funding, and capacities of key stakeholders — government agencies, parliamentarians, CSOs, southern universities, trade union research centers, and think tanks — for analysis of core issues and their policy alternatives. At present, CSOs and parliamentarians lack training on how to interpret technical documents and policy papers, and they also lack resources for organizing meetings, hiring skilled staff, and preparing briefs, so they can develop detailed policy alternatives.¹⁶⁹

Lawrence Egulu, “Trade Union Participation in the PRSP Process,” Paper No. 0417 prepared for the Social Protection Unit, Human Development Network and The World Bank (2004), p.5.

¹⁶² Oxfam International, (2004), p. 8; Save the Children UK, “Submission to the IMF/World Bank review of PRSPs,” (2001), p. 3.

¹⁶³ Catholic Relief Services (2001), p. 10.

¹⁶⁴ IMF (2004), p. 13.

¹⁶⁵ AFRODAD (2003), pp. 5, 50.

¹⁶⁶ Merilee S Grindle, “Good Enough Governance: Poverty Reduction and Reform in Developing Countries,” paper prepared for the Poverty Reduction Group of the World Bank (2002). Also cited in Currah (2004), p. 4. Available at www.grc-exchange.org/docs/HD32.pdf

¹⁶⁷ As cited in Rowden and Irama (2004), p. 39.

¹⁶⁸ Oxfam International (2004), p. 7.

¹⁶⁹ Haidy Ear-Dupuy, “Do NGOs have confidence in PRSP?” in Currah et al., (2004), pp. 25-29. See also Egulu, (2004), p. 7.

6. Poverty and Social Impact Analysis (PSIA) have not been adequately participatory nor produced more explicitly pro-poor policies.

Since the inception of PRSPs in 1999, the World Bank and IMF have made repeated commitments to conduct Poverty and Social Impact Assessments for all major reforms.¹⁷⁰ The 2004 OED review found, however, that few PSIA's have been conducted by the World Bank, and “critical gaps remain in linking policies and programs to poverty impact.”¹⁷¹ While the Bank conducted a number of pilot PSIA's between 2000 and 2002, and is now advancing its use in over 40 countries, PSIA's still do not figure centrally into the policymaking process. A recent Oxfam review found that: a) not all the pilot PSIA's are available for public scrutiny; b) there is no clarity on how and by whom the topics for the new studies have been chosen, sometimes avoiding controversial issues; c) PSIA's are being used to inform sequencing and implementation of reforms that have already been decided, rather than for examining tradeoffs and alternatives to those reforms; and, d) almost no attempts have been made to engage with a broader range of stakeholders to generate ownership of the analysis.¹⁷² These weaknesses must be remedied if PSIA's are to fulfill their promise as an effective tool for developing sound, pro-poor policies.¹⁷³

7. CSO participation has resulted in very limited influence on the content and implementation of poverty reduction strategies.

Despite some real openings for dialogue between government and civil society, one of the most disappointing aspects of the PRS processes has been the limited tangible impacts they have had on poverty policies, as well as their budgets and its implementation.¹⁷⁴ With few exceptions, CSO participation in the PRS process has largely been limited to “consultation” at the design stage.¹⁷⁵ In many cases civil society organizations “have not been considered by their governments as allies in the PRSP implementation process, and effort to engage in effective monitoring and evaluation have been thwarted”¹⁷⁶ Trade unions, for example, have participated in about half of the PRSP consultations completed by 2004, but have not been included in the drafting, implementation, monitoring or evaluation.¹⁷⁷ In addition, participants

¹⁷⁰ Oxfam International (2004), p. 11.

¹⁷¹ World Bank (2004d), p. xvi.

¹⁷² Oxfam International (2004), pp. 11-12.

¹⁷³ PSIA offers the potential to provide insight on policy tradeoffs and poverty outcomes. In 2001, and IMF and World Bank Executive Board paper recommended that the “World Bank should take the lead in the development of poverty and social impact analysis (PSIA), in order to provide such an input to its own instruments, particularly for poverty reduction strategy credits (PRSCs), as well as to partner countries’ PRSPs.” See Caroline M. Robb, “Poverty and Social Impact Analysis — Linking Macroeconomic Policies to Poverty Outcomes: Summary of Early Experiences” IMF Working Paper, International Monetary Fund (2003). For a set of concrete recommendations on improving PSIA's, see Oxfam International (2004), pp.14-15.

¹⁷⁴ de Barra (2004),p. 2; Catholic Relief Services (2001), p. 11.

¹⁷⁵ The World Bank’s own typology of participation uses a four-part continuum, beginning with one-way “information dissemination” at one end, moving through “consultation” which involves a two-way flow of information, and finally to “collaboration” and “empowerment” which involve shared decision-making and the transfer of control over decisions and resources.

¹⁷⁶ Angela Wood. “World Vision’s experiences with the PRSP process: Perspectives from Ethiopia, Senegal and Cambodia,” in Currah et al., (2004), p. 24.

¹⁷⁷ Egulu (2004).

have received little feedback from governments or the World Bank and IMF on how their recommendations have been incorporated into the PRS, or why their inputs were rejected.

Some CSOs have suggested that opportunities for influence can be enhanced, or at least made more predictable, through minimum standards for participation. The World Bank and IMF have resisted developing minimum standards for participatory processes on the grounds that this would violate the principle of country ownership. However, it is not obvious why the sensitivity to country ownership should preclude the development of minimum standards for participatory processes that could be customized to account for country-specific considerations.¹⁷⁸

Perhaps more troubling, the overwhelming influence of donor agendas has had a damaging effect on nascent participatory discussions. Some participants have come to believe that backstage maneuvering by donors has impeded the emergence of new policy ideas and frameworks from civil society actors. At the same time, CSO participation has been used by borrower governments and the Bank to lend legitimacy to the poverty reduction strategies, despite the limited nature of CSO influence.¹⁷⁹

8. PRSPs do not necessarily influence Bank and IMF lending in any significant way.

There is concern among many CSOs that PRSPs do not actually influence IMF and World Bank lending strategies. The IMF, at present, does not appear to base its lending on the PRSPs; if it does, then there is little transparency in how its main funding program, the Poverty Reduction Growth Facility, is shaped by PRSP policy. Thus, the IMF's Independent Evaluation Office found that "in most cases PRSPs do not yet provide a policy framework in which PRGF-supported programmes can be anchored."¹⁸⁰ Part of this problem may be rectified as PRSPs grow in sophistication, but this will not ensure that the World Bank and IMF realign their lending to be more consistent with country-developed poverty reduction strategies. By the IMF's own admission, "the [World Bank and IMF] have not used the PRS approach sufficiently as a mechanism for identifying priorities on what they should deliver"¹⁸¹

Conclusion

As the PRS process moves through its second round, there is a growing concern among CSOs and World Bank staff that consultation fatigue is setting in. Civil society organizations are increasingly questioning whether their efforts might be better placed elsewhere.¹⁸² To the extent that PRSP consultations provide CSOs, parliamentarians, and other stakeholders with opportunities to influence policy outcomes, there is reason to believe that they will continue to engage. However, as the World Bank's own review notes, if CSOs continue to feel that their involvement has had "only limited impact on the design of PRSPs or on domestic policy" then there is a good possibility of disengagement.¹⁸³ Meaningful participation in national

¹⁷⁸ Oxfam International (2004), pp. 6-7.

¹⁷⁹ See, for example, Catholic Relief Services (2001), p. 12 and Oxfam International (2004), p. 8.

¹⁸⁰ IMF (2004), p.8.

¹⁸¹ *Ibid.*, p. 7.

¹⁸² Rowden and Irama (2004), p.42; Oxfam International (2004), p.3.

¹⁸³ World Bank (2004d), p. xiv.

policymaking ultimately means influence on the process and its outcomes, and not simply access to it. The broad concerns raised in this section point to *systemic constraints* on both the process and content of engagement, many of which have been apparent since 2001.

IVc. Participation in Projects

The Bank's project lending has often been a source of contention with civil society. The Bank has financed a number of environmentally and socially damaging projects over concerted local opposition. In addition, the development effectiveness of many of its projects has been compromised by a failure to incorporate the experience of project-affected people or allow them to take "ownership" of the project. Thus, much of the conflict over project lending has been over issues of local control, participatory decision-making, and project ownership.

A more participatory approach to project decision-making would not only advance people's normative interest in having a meaningful voice in decisions that directly affect their lives, but it would also serve the instrumental objective of increasing development effectiveness. Civil society participation in projects has been shown to significantly improve project design, quality of service, and public support.¹⁸⁴ It also increases transparency and accountability in contracting and procurement, while improving relationships between citizens and their public agencies.¹⁸⁵ Overall, it leads to better outcomes, lower risks, and increased development effectiveness.¹⁸⁶

Providing opportunities for meaningful participation of all interested stakeholders requires special attention to issues of political power. Too often, political power determines how project benefits, costs and risks will be allocated among different groups or interests. Benefits tend to flow to the powerful and well-connected, while the costs and risks are imposed upon marginalized groups who cannot defend their rights and interests in the planning process. Thus, while the government is the primary decision maker in many aspects of project development, it is incumbent upon the Bank to use its leverage and its own decision making processes to proactively expand the political space for all interested stakeholders to meaningfully participate in project decision making.

The World Bank encourages its staff and borrowing governments to engage with civil society throughout the project cycle.¹⁸⁷ For the most part, however, engagement is left to the discretion of project staff. Consultations are only required where projects will have significant adverse environmental impacts,¹⁸⁸ affect indigenous peoples,¹⁸⁹ or resettle people involuntarily.¹⁹⁰ Even

¹⁸⁴ Nightingale Rukuba-Ngaiza et al., "Public Consultation in Environmental Assessments 1997-2000: Findings from the Third Environmental Assessment Review," The World Bank (2002): 14

¹⁸⁵ Operations Evaluation Department (OED) and The World Bank, "Non-Governmental Organizations and Civil Society Engagement in World Bank Supported Projects: Lessons from OED Evaluations," Lessons and Practices No. 18 (2002).

¹⁸⁶ World Bank, "Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations," External Affairs, Communications and United Nations Affairs, Environmentally and Socially Sustainable Development Network, Operations Policy and Country Services Network (2004): 5-6 (para. 11, 13).

¹⁸⁷ World Bank, "Good Practices 14.70: Involving Nongovernmental Organizations in Bank-Supported Activities," The World Bank Operational Manual (2000b).

¹⁸⁸ World Bank, "Operational Policy 4.01: Environmental Assessment," (1999b). For all safeguard policies, see <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/52ByDocName/SafeguardPolicies>

in these circumstances, the operational policies and directives do not specify benchmarks for evaluating whether consultations are sufficient.

Since the early 1990s, the Bank has made some notable progress in improving the quantity of participation in its projects. According to OED, stakeholder participation rose from 40 percent of new projects approved in 1994 to 70 percent in 1998.¹⁹¹ Similarly, consultations in Environmental Assessments rose from about 50 percent in 1992 to 87 percent by 2001.¹⁹² Modest qualitative gains are also apparent. In 1992, EA consultations were often limited to surveying affected groups and making the EA publicly available.¹⁹³ By 1997, they included better use of public meetings, disclosure, and increased interaction between the Bank and stakeholders.¹⁹⁴

Despite these gains, however, the actual influence of civil society on Bank-supported projects remains very limited. Much of the increased participation has been narrow in scope, rushed, superficial, or otherwise ineffective.¹⁹⁵ This section identifies a number of systemic constraints that have limited public participation in Bank-supported projects.

1. The Bank's Information Disclosure Policy limits informed participation.

The World Bank's Policy on Disclosure of Information provides that "timely dissemination of information to local groups affected by the projects and programs supported by the Bank, including nongovernmental organizations, is essential for the effective implementation and sustainability of projects."¹⁹⁶ However, the policy does not require the release of some materials that are critical for informed participation. It does not require the release of certain draft project documents, which could provide citizens with information while decisions are still under consideration. Nor does it require the disclosure of supervision documents, which would enable civil society to better monitor implementation.¹⁹⁷ And even where the disclosure policy requires documents to be made publicly available, there is no independent review mechanism to ensure that Bank staff respond to information requests.¹⁹⁸ The failure to disclose project information at a time when it can inform public participation has constrained the public's ability to assess the

¹⁸⁹ World Bank, "Operational Directive 4.20: Indigenous Peoples," (1991). The policy is currently being revised.

¹⁹⁰ World Bank. "Operational Policy 4.12: Involuntary Resettlement," (2001).

¹⁹¹ World Bank. "Participation Process Review." Unpublished report. Operations Evaluation Department (October 27, 2000c), p. vi.

¹⁹² Rukuba-Ngaiza et al. (2002), p.7.

¹⁹³ World Bank, "Annual Review of Environmental Assessment 1992," Environment Department (1993).

¹⁹⁴ World Bank, "The Impact of Environmental Assessment: A Review of World Bank Experience." Technical Paper 363, Environment Department (1997).

¹⁹⁵ World Bank, (2000c), p. vi.

¹⁹⁶ World Bank, "The World Bank Policy on Disclosure of Information," (2002f). Available at <http://www1.worldbank.org/operations/disclosure/>

¹⁹⁷ In 2002, more than 500 organizations from over 100 countries called on the Bank to make such information public during its review of its information disclosure policy. Graham Saul, "Transparency and Accountability in International Financial Institution," Bank Information Center (2003), p. 6. See also the IFI Transparency Resource at www.ifitransparencyresource.org

¹⁹⁸ Saul (2003), p. 8.

merits and potential impacts of proposed projects.¹⁹⁹ It has also undermined public acceptance of the Bank and its projects by creating an impression that the organization has something to hide.²⁰⁰

2. Participation usually does not occur until project preparation and appraisal.

Projects are more likely to be sustainable and effective if they are based upon affected people's own analyses of the problems they face and the appropriate solutions.²⁰¹ Yet, the Bank does not require that its clients solicit public inputs during the early stages of needs assessments, and project identification and design, when the full range of policy and project options can be considered, and when fundamental decisions about project type and risk are made. OED has found that only 12 percent of sampled projects were participatory during project identification.²⁰² A systemic bias against early consultation is also apparent in Environmental Assessments (EA). Although Bank Operational Policy OP 4.01 requires public consultations to develop the Terms of Reference (TOR) for the EA, consultations are typically held only after the TOR has been developed.²⁰³

Public consultations typically occur during project preparation and appraisal, when the problem to be addressed has already been framed and the proposed response has already been formulated. This limits the scope of participation to refining specific project proposals.²⁰⁴ As one World Bank staff member has explained, “[p]articipation during preparation results in some tinkering around the edges of an already defined project, when it is too late for primary stakeholder views and concerns to be factored into project design.”²⁰⁵

3. Participation has also been weak during monitoring and evaluation.

Participatory monitoring and evaluation can improve project sustainability and ownership by affected people, and better enable implementing agencies to identify and respond to unanticipated problems.²⁰⁶ It can also strengthen evaluation as a tool through which the Bank captures lessons from individual projects and disseminates them throughout the institution.²⁰⁷

¹⁹⁹ See, e.g. Shalmali Guttal and Bruce Shoemaker, “Manipulating Consent: The World Bank and Public Consultation in the Nam Theun 2 Hydroelectric Project,” *Watershed* 10(2) (October 2004); Shannon Lawrence, “The World Bank’s International Technical Workshops on Nam Theun 2: Civil Society Summary” Environmental Defense (2004).

²⁰⁰ International Finance Corporation (IFC), “*Lessons Learned: Pangu Hydroelectric*,” Environment and Social Development Department, IFC (Undated); World Commission on Dams (2000).

²⁰¹ Clark (1991), p. 89.

²⁰² World Bank (2000c), p. vi.

²⁰³ This remains true even though the Bank has found that many of its problem cases are related to deficiencies in spotting environmental issues early enough. Rukuba-Ngaiza et al. (2002), p. 9.

²⁰⁴ United Nations Development Programme, United Nations Environment Programme, The World Bank, World Resources Institute, *Decisions for the Earth: Balance, Voice and Power* (2003), p. 58.

²⁰⁵ Anonymous World Bank staff member quoted in Maria Aycrigg, “Participation and the World Bank: Successes, Constraints and Responses,” (1998), p. 4.

²⁰⁶ IFC (Undated).

²⁰⁷ Darcy Ashman, “Seeing Eye to Eye? InterAction Member Agencies and World Bank Staff Assess their Operational Collaboration on Policy Engagement for Poverty Reduction and Sustainable Development,” The World Bank and InterAction, (2002), p. 8.

The Quality Assurance Group at the Bank has identified poor quality monitoring and evaluation as one of four major “persistent problems” that have shown little improvement over the years.²⁰⁸ OED has also found that only 9 percent of sampled projects had participatory monitoring and evaluation (M&E).²⁰⁹ Even those CSOs that are subcontracted to help implement Bank projects rarely participate in project evaluation.²¹⁰

4. Participation processes have often been of poor quality.

Civil society organizations have frequently complained that participatory processes in Bank supported projects are ad hoc, arbitrary, and poorly administered. These complaints include “lack of clear and consistent parameters for consultation and feedback, arrogance or defensive posturing by Bank staff, lack of transparency about who is invited, late distribution of consultation documents, lack of translation, and lack of funds to cover CSO time and travel expenses” and lack of attention to alternative project options.²¹¹ As a result, consultations have often amounted to little more information sessions in which affected peoples are notified of decisions that have already be taken elsewhere.

Internal Bank reviews have largely concurred. For example, OED found that participation is “often poorly planned and executed, rushed, superficial, failed to adequately include or protect the interests of marginalized groups, dominated by the more powerful and vocal, unrepresentative, or failed to make a difference.”²¹² Similarly, in its recent Issues and Options paper on Bank-Civil Society engagement, the Bank noted that “consultation guidelines are not widely followed,” and consultations “often occur in an arbitrary fashion with very short notice and/or very late in the process.” In part, this is because task managers tend to “‘tick the box’ that CSOs have been involved, rather than take proactive steps to ensure engagement is viewed as satisfactory by all stakeholders.”²¹³ Best practice, in which participatory processes are developed through collaboration with local CSOs, governments, and appropriate international actors, remains the exception rather than the norm. Frustrations arising from this lack of deliberation and strategic clarity are further exacerbated by an absence of feedback mechanisms to inform civil society on how inputs are used.²¹⁴

5. Social analyses are not integrated with project decision-making

Bank research has shown that development outcomes improve when participation processes are supported by social assessments and stakeholder analyses.²¹⁵ Despite this evidence, and the fact

²⁰⁸ World Bank (2000d), p. 25.

²⁰⁹ Similarly, the Bank’s Environmental Assessment report found that only 8 percent of projects reviewed incorporated public consultations into the monitoring and evaluation process. Those that did, found them useful not only for improving implementation but also for cross-checking whether participants understood what the project impacts would be; Rukuba-Ngaiza et al (2002), p. 16.

²¹⁰ Ashman (2002), p. 8.

²¹¹ World Bank, (2005a), pp. 16-17 (para. 32); See also, Lawrence, (2004).

²¹² World Bank (2000c), p. 11.

²¹³ World Bank (2005a), p. 16. See also, Rukuba-Ngaiza et al. (2002), p. 11.

²¹⁴ For example, although the Bank requires citizen input in environmental assessments, it does not require consultations around the final EA and its environment management plan (Rukuba-Ngaiza et al. (2002), p. 11).

²¹⁵ World Bank (2000d), p. ii; Rukuba-Ngaiza et al. (2002), p. 11; World Bank (2000c), p. 33.

that social analysis has been part of the Bank's lexicon for over two decades,²¹⁶ it remains underutilized not only during project design, but also further upstream when broader economic and sector work studies are carried out. The Bank does not, as a matter of standard procedure, systematically evaluate the distribution of expected benefits, costs and risks of projects. Rather, it tends to calculate only aggregate costs and benefits. For projects in which impacts may be distributed unevenly, such as many large infrastructure projects, aggregate impact analyses can mask and undervalue differential impacts on marginalized groups.²¹⁷ As such, they do not provide a basis for these groups to understand how they will be affected, or to defend their interests in the decision-making process.

There has been some progress in this arena in recent years. The Bank published a social analysis sourcebook in 2003, and created social development and gender benchmarks as part of its quality assurance reviews.²¹⁸ However, two significant obstacles remain. First, both the sourcebook and the assurance reviews assume that participation begins with project design. This means that Bank staff have no guidelines for civil society participation upstream of project design — during the needs assessment and project identification stages — when critical decisions are made. Second, Task Managers frequently do not receive clear direction and adequate support to systematically incorporate social analyses into project decision-making.

6. Public participation is hindered by a number of external and internal constraints.

Civil society and Bank observers have identified a number of in-country and in-house constraints that significantly limited the scope and effectiveness of public participation. According to OED, the biggest in-country constraint to participation was government attitude, particularly where public officials saw participation as a threat to their jobs, resources, or authority.²¹⁹ OED found that participation was also hampered by the lack of government and stakeholder capacity to effectively implement participatory processes, and lack of government follow-up or sustained interaction.²²⁰ In addition, civil society observers have noted that in autocratic countries, the fear of public reprisal often makes meaningful critical engagement impossible.²²¹

World Bank staff sometimes claim that, since project loans are made to governments, the level of participation ultimately depends on the willingness of governments to solicit public inputs. They object that since the Bank has limited ability to make governments listen to their citizens, CSO frustration is misdirected at the Bank. However, there is significant evidence that Bank staff can

²¹⁶ Social analysis was introduced in Bank operations in 1984 as the “sociological” part of project appraisal in OMS 2.20. See World Bank, “*Social Analysis Sourcebook: Incorporating Social Dimensions into Bank-Supported Projects*,” Social Development Department (SDV) (2003b), p. 78.

²¹⁷ See BIC et al. (2004).

²¹⁸ A set of “quality at entry” benchmarks have been developed for section 3.0 of the QAG review, which include quality of stakeholder analysis and consultation, the extent to which gender issues were considered during project design, and arrangements to monitor implementation, among others. Benchmarks for “quality of supervision” are under development. See World Bank “*Quality Assurance: Social Development and Gender Quality at Entry Benchmarks for Specialized Reviewers*,” Social Development Department (SDV) (Undated note).

²¹⁹ World Bank (2000c), p. 20.

²²⁰ Ibid.

²²¹ Ian Gary and Nikki Reisch, “Chad’s Oil: Miracle or Mirage? Following the Money in Africa’s Newest Petro-State,” Catholic Relief Services and Bank Information Center (2005), p. 44; Guttal and Shoemaker (2004).

influence government approaches to participation. According to OED, task managers can often overcome government resistance through persistent advocacy.²²² Indeed, many have been able to convert recalcitrant government officials into enthusiastic supporters.²²³

However, task managers report that the internal disincentives to making their work more participatory pose a greater obstacle than country impediments.²²⁴ Overall, task managers “paint a sobering picture of the environment for participation within the Bank.”²²⁵ Impediments include insufficient funding, inadequate time for mission work in the field, pressure to process loans and disburse funds rapidly, and inadequate support from management.²²⁶ Participation is frequently seen as an “optional.” The primary source of funding for participation is trust funds, which are limited in size and flexibility, and are quite cumbersome to access.²²⁷ As a result, participation is perceived by task managers as an “add on” to a project rather than as an integral part of the operation.²²⁸ Furthermore, rigid project cycles do not allow for time-consuming and labor-intensive participatory planning processes.²²⁹ Finally, Bank management has shown little sensitivity to the need for additional funding, time, and flexibility for participatory processes.

As a result of these impediments, the extent and quality of participation varies widely by country and task manager.²³⁰ Yet, despite the institutional disincentives and lack of management support, task managers who are willing to attempt participation tend to believe strongly in its benefits. The overwhelming majority of task managers that employ participatory processes believe that it has improved the quality of the operations that they manage. As a result, experience with participation motivates more participation.²³¹

7. Insufficient capacity in communities and local CSOs has limited their abilities to participate.

Local CSOs and communities often lack capacities in three key areas: (1) the ability to understand and critique technical issues; (2) sufficient knowledge of their rights under national law and Bank policy;²³² and (3) the skills necessary to negotiate with more powerful actors. Bank efforts to build capacity, where they exist, tend to focus only on technical skills. They typically do not seek to build long-term capacities or to enhance the negotiating and conflict resolution skills necessary for engaging with government officials and Bank staff.²³³ Where citizens and their organizations lack the information and capacities they need — of technical knowledge, legal rights, and negotiation skills — it is not possible to have meaningful participation.

²²² World Bank (2000c), p. 21.

²²³ Ibid.

²²⁴ Ibid, p. 26.

²²⁵ Ibid, p. 25.

²²⁶ Ibid, pp. 25-27; World Bank (2005a), p. 16, para. 30.

²²⁷ World Bank, (2005a), p. 15 (para. 29).

²²⁸ World Bank (2005a), p. 14.

²²⁹ World Bank (2000c), pp. 26-27.

²³⁰ World Bank (2005a), p. 21.

²³¹ Ibid; see also Rukuba-Ngaiza et al., (2002), pp. 8, 25.

²³² World Bank (2000c), p. 21; Rukuba-Ngaiza et al. (2002), p. 26.

²³³ Ibid.

Anecdotal evidence suggests that Bank-led efforts to increase participation through capacity building are constrained by a lack of adequate funding and the absence of a centralized mechanism to support task manager initiatives.

8. Systematic improvements in the quality of participation are constrained by inadequate benchmarks, standards, and learning systems in the Bank.

The Bank currently lacks adequate systems for capturing lessons learned from CSO engagements and for tracking participation. Various Bank reports have noted that there is a lack of reliable or accessible data to track, monitor, and evaluate engagement with CSOs,²³⁴ and that there has been a failure to develop appropriate indicators of impact and effectiveness of participation.²³⁵ This is compounded by training and knowledge management systems that are inadequate for the needs of task managers and a recruitment process that favors technical competence over skills needed for participatory activities.²³⁶ In short, there is a lack of standards and benchmarks of designing, implementing, and documenting consultations and participatory efforts.

9. The Bank's accountability mechanisms for ensuring meaningful engagement are inadequate.

There are few, if any, meaningful avenues for redress for citizens that believe that participatory processes have not been sufficient, or that the concerns that they have raised have not been adequately addressed in a project. The Bank's accountability mechanism, the Inspection Panel, is not well suited to this task for two main reasons. First, the Inspection Panel reviews compliance with mandatory and enforceable standards. However, there are few such standards with respect to participation for the Inspection Panel to apply. In most cases, public participation is considered to be discretionary and "best practice." The policies that do require consultation, such as the Environmental Assessment Policy or the Indigenous Peoples Policy, do not provide clear standards for evaluating their adequacy. Because the operational procedures afford so much discretion to Bank staff, it is exceedingly difficult for the Inspection Panel to conclude that staff did not comply with consultation requirements. Second, because the Inspection Panel process can be cumbersome, it lacks the agility to respond to complaints about participation quickly enough that they can be redressed before the project moves forward and the issues are mooted.²³⁷

The Bank has, however, done some notable work to improve mechanisms of "social accountability," through which citizens can directly engage politicians and civil servants to improve public governance and service delivery. These include, for example, citizen report cards that provide a transparent mechanism for the public to assess the performance of public

²³⁴ World Bank (2005a), p. 16, para. 31.

²³⁵ World Bank (2000d), p. 12; World Bank (2000c), p. 30; World Bank, "IDA Review: Report on Country Consultations," Operations Evaluation Department (2001b), p. 16.

²³⁶ World Bank (2000c), p. 27; See the report from the Ugandan Consultation, Appendix C.

²³⁷ In particular, investigations can be slowed down unnecessarily by the requirement that the Board review eligibility and authorize an investigation.

agencies.²³⁸ But while the World Bank is increasingly supporting such initiatives among CSOs and governments around the world, it has failed to employ the same tools in its own operations. Engagement between the Bank and civil society could be made much more meaningful if these very tools of social accountability were to be used for improving the Bank's accountability to the public throughout its project cycle.

Conclusion

Civil society experiences at the project level share a number of frustrations with experiences in national policymaking. Most importantly, World Bank consultations have resulted in very little meaningful influence for citizens. The absence of CSO participation throughout the project cycle has led some to view the World Bank's consultations as mere gestures in which participants are "treated like decorations . . . but their inputs [aren't] taken into account."²³⁹ And in cases where inputs are considered but not accepted, the Bank does not generally explain its rationale. This sense of exclusion is aggravated by a disclosure policy that makes much information available only after key decisions have been made. And within the Bank, efforts to improve the quality of engagement are undermined by inadequate benchmarks and standards, as well as weak learning and accountability systems.

IVd. Institutionalized Dialogue Mechanisms

On several occasions, the Bank and civil society organizations have attempted to go beyond the normal *ad hoc* approach to engagement, and seek to create more productive engagement mechanisms. The Joint Facilitation Committee (JFC) is one example of these kinds of efforts. Previously, the Bank has created other global, regional, and thematic mechanisms, including the World Bank-NGO Committee, ECA NGO Working Group, and the External Gender Consultative Group (EGCG). These mechanisms have not played a major role in policy or project development, and are of minor significance when compared with the global, national, and project level consultations discussed in the previous sections. Nevertheless, they are worth reviewing here because: (1) the Bank's paper on World Bank-civil society engagement identifies establishing "new global mechanisms" as its most important priority;²⁴⁰ and (2) we think it important to reflect upon our own experiences in the JFC process to allow others to better understand the opportunities and pitfalls of these mechanisms.

Institutionalized dialogue arrangements have a certain intuitive appeal for both civil society and the Bank. For civil society organizations, they appear to offer promising channels for raising issues and expressing concerns at the highest levels of Bank management. For the Bank, they have the potential to serve as a kind of external advisory board to help capture civil society inputs. And for both parties, they can provide opportunities for sustained dialogue on complex

²³⁸ Carmen Malena, with Reiner Forster and Janmejay Singh. "Social Accountability: An Introduction to the Concept and Emerging Practice." Social Development Papers, Participation and Civic Engagement Paper No. 76, The World Bank (December 2004).

²³⁹ This quote, made by a respondent in an OED consultation, is cited in two OED reports: World Bank (2001b), p. 3; World Bank (2002d), p. 2. It is not clear from the report whether the statement was made by a donor agency, government, or CSO representative.

²⁴⁰ World Bank (2005a), p. 31.

and contested issues that may help participants develop a more nuanced appreciation for differing perspectives that can lead to learning, negotiation and compromise.

In our experience with the JFC, however, these benefits have proven to be extremely difficult to realize in practice. Below, we discuss some of the major obstacles that have compromised the usefulness of the JFC as a mechanism of engagement. Where pertinent, we reference similar experiences in other institutionalized dialogue mechanisms.

1. Generalized dialogue mechanisms are not well-suited to the current operations of the Bank or the state of global civil society.

Over the past two decades, the World Bank's operations have expanded into a multiplicity of new substantive areas. At the same time, the range of organizations that are interested in, and knowledgeable about, the World Bank's operations has dramatically expanded, deepened and diversified. Many of these organizations have come to expect that they will have an opportunity to be heard by the Bank when issues of importance to them are being discussed.

As a result of this proliferation of issues and actors, dialogue arrangements that lack a clearly defined and narrowly circumscribed substantive focus—like the JFC—are unlikely to be useful, and may even be counterproductive. Since most civil society organizations are issue or constituency focused, it is all but impossible to identify a group of civil society actors that can credibly speak to the full range of “civil society issues.” As a result, dialogues on any particular issue will tend to be superficial, and will not produce the kind of specialized and rigorous policy dialogue that can help shape policy development.²⁴¹

Moreover, an institutionalized dialogue mechanism that is perceived to have a mandate to discuss an open-ended array of civil society concerns will be perceived as usurping political space from other organizations that have not been included. This, in fact, is what occurred with the JFC process. Some outside of the process accused the CSO members of having aspirations to create a focal point for all civil society engagement with the Bank. As a result, the JFC became divisive within civil society, and at least some participants incurred significant political costs.

2. Institutionalized dialogue mechanisms have suffered from weaknesses in transparency, representativeness and accountability.

The legitimacy of each of these mechanisms has been challenged on the grounds that the members are not sufficiently transparent, representative or accountable to the broader community of civil society organizations. The JFC, World Bank-NGO Committee, and the EGCG were each criticized for having an insular and opaque selection process, in which few other organizations were consulted.²⁴² The civil society members of the JFC were also sharply criticized for being unrepresentative and unaccountable to other civil society organizations, and

²⁴¹ Covey (1998), p.106.

²⁴² O'Brien et al., (2000), p. 46; S. Hellinger, A. Wilks, J. Majot, and S. Kretzman, “Update on the Joint Facilitation Committee: NGOs and World Bank Decide to Move Forward without Civil Society Support,” (Dec. 2003). Available at <http://www.civicus.org/new/media/JFCupdate3.doc>

for failing to consult with other civil society organizations in developing the workplan of the committee.

3. These mechanisms have been widely perceived as being vulnerable to World Bank manipulation and co-optation.

Institutionalized dialogue mechanisms have been perceived as being extremely vulnerable to World Bank manipulation, and to provide a means for the Bank to deflect strong external criticism.²⁴³ For example, critics of the JFC have suggested that it was comprised mainly of civil society organizations that would not seek to hold the Bank accountable for the failures of past engagements.²⁴⁴ Similarly, a gender advocate within the Bank described the EGCG as “Bank defined, managed and implemented. Low level and low-brow . . . and handled like a damage limitation measure.”²⁴⁵ In some cases, the risks of World Bank capture have been exacerbated by the fact that many participants have lacked the institutional knowledge or technical expertise necessary to engage the Bank as “equal counterparts.”²⁴⁶ Finally, power imbalances on the committees have raised concerns about co-optation. Observers of the ECA-NGO Working Group have noted that the participants have no decision-making authority, and that many organizations are reluctant to criticize the Bank—in part, because they represent fledgling organizations that depend on the Bank for funding. As a result of these shortcomings, many suspect that the Bank has only created such mechanisms for public relations purposes, or worse, to redirect more organic interactions into a forum that it can closely control. Regardless of whether these criticisms are fair or not, the perception that these dialogue mechanisms are controlled by the Bank substantially limits their utility as a tool for increasing civil society inputs into policy development or organizational learning.

²⁴³ Covey (2000), p. 106; O’Brien et al. (2000), pp. 29, 46.

²⁴⁴ Steve Hellinger and Alex Wilks . “Update: Joint Facilitation Committee Moving Forward with Agenda to Establish Guidelines for World Bank/CSO Relations.” (2003).

²⁴⁵ Anonymous World Bank staff member, quoted in O’Brien et al.,(2000), p. 46.

²⁴⁶ Filiz Bikmen, JFC Submission of Filiz Bikmen, Turkish Member of ECA NGO Working Group (2005), Appendix B; O’Brien et al. (2000), p. 46; Hellinger et.al. (2003).

V. A FRAMEWORK FOR PARTICIPATORY DECISION MAKING

The preceding review of World Bank engagements with civil society suggests a number of commonalities across all levels and spheres of engagement and decision-making. On one hand, the Bank recognizes that reaching out to civil society is necessary for the design and delivery of more legitimate, effective and pro-poor policies and projects. This is apparent in efforts to engage civil society in global-level policy discussions, national-level poverty reduction strategies, and localized projects. On the other hand, civil society participants in consultations at each of these levels have complained that the consultative processes have diverged from basic principles of democratic and participatory decision-making. Worse, the shortcomings in those engagements have precipitated a crisis of legitimacy among many public stakeholders.

That the same types of public complaints arise repeatedly in both project and policy development, in different geographic areas and policymaking environments, and at different levels within the organizational hierarchy, strongly suggests that the problems are systemic. And, we believe, they stem from a common source—a consistent inattention to basic principles of participatory decision-making in engaging the public on contested policy issues.

To effectively defuse these criticisms, the Bank must address its democratic deficits across the full range of its strategic and operational decision-making. This requires that the Bank develop a comprehensive and systematic approach to public participation in which the basic principles of participatory decision-making are fully integrated into each stage of the policy and project decision-making process.

In the following sections, we address this problem in three parts. First, we identify five basic principles of participatory decision-making. Then, we identify the stages of the decision-making process that provide critical opportunities for the public to raise issues and influence outcomes. Finally, we combine both parts into an analytic framework for more systematically evaluating and expanding public participation in all dimensions of World Bank decision-making.

Principles of Participatory Decision Making

In thinking through how to make decision-making at the World Bank more participatory and responsive to the concerns of citizens, we are confronted with a basic paradox concerning democracy in global institutions. While democracy is generally accepted as a touchstone of legitimacy in international institutions, it is rarely applied in practice. Much of the basic infrastructure that supports citizen participation at the State and local level through representative democracy — geographically bounded political communities, direct election of representatives, “one-person, one-vote” apportionment of the franchise, political parties, etc. — is conspicuously absent at the international level.²⁴⁷ The absence of these mechanisms, and the prodigious challenge of developing them, have led some observers to conclude that the democratic potential

²⁴⁷ Boutros-Ghali (1995); United Nations (2004), p. 8; Joseph Nye, Jr. “Globalization’s Democratic Deficit: How to Make International Institutions More Accountable,” *Foreign Affairs*, (2001), 80(4), p. 3; Grant and Keohane (2004), p. 12; Kapur (2002), p. 75.

of international institutions like the World Bank is minimal, and that they are unlikely to ever be much more than venues for bureaucratic bargaining between elites.²⁴⁸

We agree with these “democratic skeptics” that the World Bank will not soon (and may never) be governed under a system that meets the minimum standards of a Madisonian or Continental democracy. *The important point for us, however, is how much more the World Bank could be doing to democratize its decision-making within these structural constraints by opening avenues for meaningful public participation.* Even in the absence of the formal mechanisms of governance that define democratic practice at the national level (such as direct election of representatives), there are substantial opportunities to apply basic democratic and participatory principles to all levels of policy, program, and project Bank decision-making.²⁴⁹

Towards this end, we have identified five core participatory principles to inform World Bank decision-making. These are:

- Transparency and Access to Information
- Inclusiveness
- Quality of Discourse and Deliberation
- Fairness under Rule of Law
- Accountability

The consistent application of these principles to all strategic and operational decision-making processes would ameliorate the democratic deficit that is experienced by citizens who seek to influence World Bank decision-making. These principles can help to structure participatory, responsive and predictable decision-making processes that can lead to better, more sustainable development outcomes by reconciling competing interests and visions of the public good through deliberation and negotiation.²⁵⁰

To do so, they must be applied with an eye towards redressing the profound inequities of voice, access and political power between different interests in development debates.²⁵¹ If they are applied in this way, they can be powerful tools to enhancing the capacity of poor and marginalized people to influence the decisions that affect their lives.²⁵² If they are not, they are unlikely to improve outcomes very much. For example, increased participation in technocratic decisions will just lead to bureaucratic capture if only special interests have voice and access. Similarly, comfortable orthodoxies will persist unquestioned if the terms of the debate do not

²⁴⁸ Robert A. Dahl, “Can International Organizations be Democratic? A Skeptic's View,” in Ian Shapiro & Casiano Hacker-Cordon (eds) *Democracy's Edges*. Cambridge: Cambridge University Press (1999), p. 19; Kapur (2002), p. 75.

²⁴⁹ Daniel D. Bradlow, “The World Commission on Dams’ Contribution to the Broader Debate on Development Decision-making,” 16 *Am. U. Int’l L. Rev.* 1531, 1551 (2001c); William D. Coleman and Tony Porter, “International Institutions, Globalisation and Democracy: Assessing the Challenges” *Global Society* Vol. 14, No. 3 (2000): 388.

²⁵⁰ World Commission on Dams (2000), p. xxxiv; Michael Edwards, *Civil Society*, Polity Press (2004), p. 60; Woods (2003).

²⁵¹ Edwards (2004), p. 69; Sol Picciotto, “Democratizing Globalism,” in D. Drache (ed), *The Market or the Public Domain: Global Governance and the Asymmetry of Power*. London: Routledge (2001).

²⁵² World Bank, “World Development Report 2000/2001: Attacking Poverty” (2000), p.39.

allow sufficient space for dissenters to challenge the received wisdom. For this reason, the empowerment of marginalized stakeholders is a critical cross-cutting objective of applying these principles to the governance and decision-making structures of the Bank.

Principle 1: Transparency and Access to Information

Transparency involves making information accessible and understandable to interested stakeholders.²⁵³ Transparency enables people to participate meaningfully in public decision-making by providing them with the information they need to understand, evaluate, and influence the actions of decision-makers. As such, it serves both normative and instrumental functions—it gives content to the public’s right to know what their representatives on doing in their names, and it leads to better governance and decision-making.²⁵⁴

Effective transparency mechanisms make information available to citizens in ways that the information can influence their political choices.²⁵⁵ They provide complete information about activities and options *before* key decisions are made, and in local languages, culturally appropriate formats, and in ways that are readily accessible and affordable.²⁵⁶ This requires both a general *presumption of disclosure*, in which information is considered to be public unless there are compelling reasons to keep it secret, and specific mechanisms to ensure that disclosure is timely and adequate.²⁵⁷

Principle 2: Inclusiveness

Inclusive participation requires that all people have the opportunity to participate in making decisions that will directly affect their lives. In particular, it involves bringing in politically disenfranchised or marginalized groups that might ordinarily be excluded from decision-making processes.²⁵⁸ Depending on the issues under consideration, this may include peasants associations and collectives, community-based organizations, environmental advocates, trade unions, women’s organizations, religious organizations, Indigenous Peoples’ organizations, youth groups, and health and education advocates.

Inclusive participation is a critical to the political legitimacy of decision-making. Even in democratic regimes, it is becoming increasingly difficult to maintain societal consensus around decisions reached in secret by small groups of elites-- particularly when those decisions impose

²⁵³ International Monetary Fund (IMF), “Report of the Working Group on Transparency and Accountability,” IMF, (1998).

²⁵⁴ Saul (2003), p. 9; World Bank, Foreword by James D. Wolfensohn, in “The World Bank Policy on Disclosure of Information.” (2002f). Available at <http://www1.worldbank.org/operations/disclosure/>

²⁵⁵ Archon Fung, David Weil, Mary Graham, and Elena Fagotto, “The Political Economy of Transparency: What Makes Disclosure Policies Effective?” Occasional Paper OP-03-03, Ash Institute for Democratic Governance and Innovation, John F. Kennedy School of Government, Harvard University (2004).

²⁵⁶ Paul J. Nelson, “Transparency Mechanisms at the Multilateral Development Banks,” *World Development*, volume 29, issue 11, (2001), pp. 1835-1847; IMF (1998).

²⁵⁷ Joseph E. Stiglitz, “On Liberty, the Right to Know, and Public Discourse: The Role of Transparency in Public Life,” Oxford Amnesty Lecture (January 27, 1999).

²⁵⁸ Coleman and Porter (2000), pp. 388-9.

burdens and costs on excluded groups.²⁵⁹ As a result, policy solutions are more likely to resist political challenge when all those who are affected have a voice in developing them.²⁶⁰

Inclusive participation also improves the effectiveness and quality of decision-making in two ways. First, by expanding the pool of information available to decision-makers, it increases the likelihood that important issues will be addressed. Including contrarian voices is especially critical in this regard, as dissent plays a crucial role in uncovering problems that would otherwise go unnoticed. Second, decision-making processes that expose people to diverse ideas and perspectives, including those that they are inclined to reject, serve an important moderating function. They help to build a culture of pluralism that dampens the tendency towards extremism that occurs when decision-makers only listen to people who see the world as they do.²⁶¹

Proactive efforts to include marginalized stakeholders are often required to ensure that they have the opportunity to participate. This may include efforts to (1) systematically identify all those whose rights may be affected or who may bear the risks associated with the decision;²⁶² and (2) reach out to them and provide whatever assistance they may need to participate (e.g. translation services, travel support, etc).

Principle 3: Quality of Discourse and Deliberation

Decision-making processes must also allow participants to engage in meaningful deliberations about policy alternatives and objectives. They should be interactive and influential--that is, they should be structured to facilitate deliberative discussion and direct political exchange between all affected parties, and they should have a direct impact on policy outcomes.²⁶³ “Consultations” that seek only to extract information, or apprise stakeholders of decisions that have already been taken elsewhere, are rarely sufficient.²⁶⁴

Deliberative processes allow affected people to freely and equally express their competing interests, perspectives, and visions of the public good. All contested issues, including those that are highly complex or technical, should be open to debate.²⁶⁵ Participants should have the

²⁵⁹ Ann M. Florini, “Does the Invisible Hand Need a Transparent Glove? The Politics of Transparency,” Carnegie Endowment for International Peace (1999), p.2.

²⁶⁰ Edwards (2004), p. 60.

²⁶¹ Cass R. Sunstein, *Why Societies Need Dissent* (Cambridge: Harvard University Press, 2003), p. 150; Edwards (2004), p.58; Stuart Hampshire, *Justice is Conflict*, Princeton, NJ: Princeton University Press (1999).

²⁶² World Commission on Dams (2000), pp. xxxiii and 209.

²⁶³ Benjamin R. Barber, *Strong Democracy: Participatory Politics for a New Age*, 20th Anniversary Edition Berkeley: University of California (2003), p. 181.

²⁶⁴ There are circumstances in which mere information disclosure or data collection may be an appropriate form of public engagement, such as when those who are being informed have only a *de minimis* interest in the outcome. But when important interests are at stake, these superficial modes of public engagement are not a substitute for the more participatory and interactive forms of engagement described in this section.

²⁶⁵ This is not to say that there is no role for technical or policy experts. While the insights of such experts should be brought to bear on complex and technical issues, they should not be the primary decision-makers where the underlying scientific knowledge is incomplete or highly contested, or where decision-making entails determining whether costs and risks are acceptable or fairly allocated. See, Bruce A. Williams and Albert Matheny, *Democracy, Dialogue and Environmental Disputes: The Contested Languages of Social Regulation*, New Haven: Yale University Press (1995), p. 18.

opportunity to make arguments and raise concerns with the expectation that the best ideas, not the most powerful interests, will prevail, and that they will be reflected in final decisions. Ideally, the objective is to resolve differences through negotiated outcomes that do not simply aggregate pre-existing preferences, but allow for those preferences to change, and common interests to be revealed, through reasoned discourse, ethical reflection, and political bargaining.²⁶⁶

For decision-making to be based on deliberation rather than raw political power, marginalized stakeholders must be enabled to participate on an equal basis with more entrenched interests.²⁶⁷ Thus, where contested issues are highly technical, all participants should have comparable access to the expertise necessary to independently challenge the technical claims of other parties. Participants must also have the option to withhold their consent to an agreement if their concerns are not adequately addressed. The freedom to withhold consent can help to neutralize the profound inequities in political power and technical capacity between participants, and can help ensure that the concerns and aspirations of key participants will be accommodated.

In order for decision-making processes to be deliberative, they should:

- Ensure that clear expectations of what can be achieved are established at the outset through dialogue with interested parties. Decision-makers should be explicit about how the discussions will inform policy decisions.
- Justify decisions by providing clear explanations for the decisions that have been taken and the alternatives that have been rejected, so they can be evaluated and reasonably questioned, and so decision-makers can be held accountable.²⁶⁸
- Provide all participants with full and equal access to all politically relevant information, and the capacity to evaluate it.
- Honor negotiated agreements. When negotiated agreements are achieved, they should be fully respected by participants and those who will implement decisions.
- Afford participants the option to withhold their consent to an agreement if their concerns are not adequately addressed. Negotiated agreements become coercive if, at the end of the day, aggrieved parties cannot say no.

Principle 4: Fairness under Rule of Law

Public governance is inherently messy and potentially conflictual. Decisions about priorities, policy options, and objectives often require difficult tradeoffs between interests, and at least some groups may not be well-served by the outcomes. The willingness of those groups to bear the costs of collective decisions depends in large measure on their having been treated fairly in the decision-making process. If they do not believe that they have been treated fairly, they will

²⁶⁶ World Commission on Dams (2000), p.xxxiv; Sen (1999), p. 274; Barber (2003), p. 156; Picciotto,(2001), pp. 335-359. Joshua Cohen, “Global Democracy, Without the State” unpublished paper (undated).

²⁶⁷ Edwards (2004), p. 59; Picciotto (2001); Jan Aart Scholte, “Democratizing the Global Economy: The Role of Civil Society” (Dec. 2004), p. 11.

²⁶⁸ Sunstein (2003), p. 150.

have little reason to view adverse decisions as legitimate. Fairness, then, is a necessary prerequisite for the legitimacy of participatory decision-making.

Fairness requires that both the process and its substantive outcomes comport with shared principles of justice and equity.²⁶⁹ *Procedural* fairness requires that policies, rules and standards be developed and enforced in impartial and predictable ways, and that processes of representation, decision-making and enforcement are clear, mandatory and internally consistent.²⁷⁰ Common mechanisms to ensure procedural fairness include clear and mandatory rulemaking procedures, public participation requirements, and guarantees of individual access to appeals processes and other dispute resolution mechanisms. *Substantive* fairness requires that the distribution of costs, benefits and risks from policy outcomes are just and equitable.²⁷¹ Principles of substantive fairness include equal protection under law, protections for fundamental rights, and prohibitions on apportioning outcomes on the basis of invidious distinctions between groups or individuals.

A clear commitment to fairness is particularly important for politically marginalized stakeholders that lack the wherewithal to defend their interests through raw political power. Fairness principles can provide these stakeholders with indispensable assurances that their concerns will be heard, their interests will be balanced equitably, and that the agreements they negotiate will be respected.²⁷² To provide these assurances, however, fairness principles must be mandatory and consistently enforced. Occasional or discretionary enforcement of these principles sends a signal that fairness is only a second-order concern, and is not likely to be sufficient to induce politically vulnerable groups to voluntarily participate.

Principle 5: Accountability

Accountability implies that decision-makers must answer for their actions and, depending on the answer, be exposed to potential sanctions.²⁷³ Accountability mechanisms allow citizens to control the behavior of government officials and representatives to whom they have delegated public power.²⁷⁴

Effective accountability mechanisms have four core components: *transparency, justification, compliance with standards, and enforcement or sanctions*.²⁷⁵ *Transparency* and *justification* have been discussed in detail above. In short, they require that citizens be able to understand what public officials are doing and why. *Compliance* involves evaluating their actions against clear standards that are based on publicly accepted norms. These include both procedural

²⁶⁹ Coleman and Porter, (2000), p. 390.

²⁷⁰ Ngaire Woods, "Good Governance in International Organizations," *Global Governance* volume 5, number 1 (1999).

²⁷¹ Coleman and Porter (2000), p. 390; Woods (1999).

²⁷² Edward P. Weber *Pluralism by the Rules: Conflict and Cooperation in Environmental Regulation*. Washington, D.C.: Georgetown University Press (1998), p. 107.

²⁷³ Ronald J. Oakerson, "Governance structures for enhancing accountability and responsiveness," in James L. Perry (ed) *Handbook of Public Administration*, San Francisco: Jossey-Bass (1989), p. 114.

²⁷⁴ Goetz and Jenkins (2001), p. 6.

²⁷⁵ Woods "Accountability, Governance, and Reform in the International Financial Institutions," unpublished paper (undated); Woods (2001); Coleman and Porter (2000); Grant and Keohane (2004).

standards (regarding transparency, inclusiveness, etc.) and standards for assessing outcomes (e.g., on poverty reduction, social equity, and human rights). *Enforcement* involves imposing sanctions for failing to comply with those standards.

Stages of Decision Making

Civil society organizations have consistently complained that there are too few entry points in the World Bank's lending and policy-making processes for the public to influence decision-making. For example, public inputs are often solicited only after key strategic or operational decisions have already been made, and rarely during implementation or evaluation. *To expand these opportunities, the principles of participatory decision-making described above should be integrated into all stages of the Bank's strategic and operational decision-making.*

Despite their differences, the World Bank's lending and policy-making process share a similar set of decision points, from agenda setting through evaluation. The project and policy lending cycles of the World Bank, like those of many public institutions, are generally described as a stable and predictable progression of discrete steps.²⁷⁶ However, policy lending in particular is rarely so orderly in practice.²⁷⁷ Policy lending cycles tend to be more complex, more subject to political interference, and less formalized than project lending cycles.²⁷⁸ Operational policy-making processes at the Bank also follow a similar progression of steps, although they tend to be less well defined and more procedurally fluid than in lending operations.

These decision-making processes can be described, in somewhat stylized terms, as a series of six stages:

1. Issue Framing and Agenda Setting

Needs are assessed, diagnostic research is conducted, and key issues and agendas are framed, defined, and prioritized. For lending operations, this may involve conducting diagnostic research such as strategic poverty and social assessments, and establishing broad directions and priorities through the formulation of Country Assistance Strategies (CAS) and Poverty Reduction Strategies (PRS). For operational policy-making, it involves identifying key areas of concern that may require a revised policy response.

2. Policy or Project Identification

Options are identified within the bounds set at stage 1. For lending operations, this involves developing more specific programs, projects, or policy reforms to achieve the priority objectives. Preliminary assessments of financial, economic, social and environmental factors are conducted, and alternatives are considered. For operational policy making, specific

²⁷⁶ The World Bank and IFC each have slightly different cycles (see www.worldbank.org >Projects >ProjectCycle, and www.ifc.org/ifcext/proserv.nsf/Content/IFCProjectCycle).

²⁷⁷ The stages listed here are based on various descriptions of the project and policy cycles, including the WB and IFC descriptions. See, also: Chris Roche, *Impact Assessment for Development Agencies: Learning to Value Change*, Oxford: Oxfam GB, (1999) p,31; Mark Turner and David Hulme. *Governance, Administration and Development: Making the State Work*, West Hartford, CT: Kumarian, (1997), pp. 57-81.

²⁷⁸ Randall .S. Clemons, and Mark .K. McBeth, *Public Policy Praxis*. Upper Saddle River, New Jersey: Prentice Hall, (2001), pp. 79-94.

policy options and approaches are considered. By the end of stage 2 all major decisions concerning the range of policies or projects under consideration have been made.

3. Preparation and Appraisal/Analysis

Studies are prepared to further assess technical, institutional, economic, environmental, social and financial issues facing the proposal. For lending operations, the Bank may provide technical and financial assistance to clients to conduct this analysis, and prepare its own appraisal. For project lending, this may include appraisal of sensitive environmental and social impacts as required by the Safeguard Policies. For policy lending, it may also include more systemic and indirect environmental, economic and social impacts of proposed reforms. For both projects and policies, alternative methods for achieving the same objectives are, ideally, also appraised. For operational policy-making, assessments of the likely impacts of the proposed policy change are expected at this stage. In all three contexts, this is currently where the majority of public consultation takes place.

4. Negotiation and Approval by Official Decision-makers

The terms of a loan or policy are finalized and submitted for approval to official decision-makers. At the Bank, these decisions are made by the Board of Executive Directors. In borrowing governments, this may involve ratification by a specific ministry, a council of ministers, or a country's legislature, depending on national law.

5. Implementation, Supervision and Completion

The policy, program or project is implemented. For project lending, this may involve the construction of infrastructure or the implementation of service delivery programs. For policy lending, the reforms are put into effect, and may involve changes in a range of arenas such as monetary and fiscal policy, trade and labor policy, privatization, foreign and domestic investment, etc. Plans may be adjusted to account for unanticipated challenges or events, in accordance with legal requirements, previous commitments, and the expectations of key stakeholders. Reviews may be conducted by World Bank staff to ensure that Bank guidelines and policies are being followed. For operational policies, the policies are applied to Bank operations.

6. Evaluation, Adaptation and Learning

The project or policy is reviewed to assess accomplishments and problems. Outcomes are measured against original objectives. Lessons learned are captured and disseminated. This is typically done well after completion of the project or policy reform.

A Framework for Participatory Decision Making

A participatory approach to decision-making requires that the basic participation principles be applied at each stage of the project/policy cycle. As the experiences described in Section IV have shown, the engagements have been limited in scope and insufficiently participatory in quality. Currently, in Bank projects, citizens are sometimes engaged in project appraisal (stage 3), but this is primarily limited to public hearings required by the Bank as part of the environmental assessment process. In some cases, CSOs serve as implementers of development projects (stage

5), but even then are not involved in project evaluation. For Bank policies, civil society involvement is largely confined to consultations for Poverty Reduction Strategy Papers (stage 1). This applies only to IDA-eligible countries, and is constrained by the fact that the parameters for discussion are usually set in advance by governments and donor institutions. And even during those limited windows, public participation often fails to meet the minimum standards of transparency, inclusiveness, deliberativeness, fairness and accountability. In short, the project/policy cycle fails to systematically incorporate or encourage participatory citizen engagement.

Yet, a number of past World Bank efforts demonstrate that it is possible to include much deeper and broader participation at various stages of the cycle.²⁷⁹ Indeed, the former head of the Bank's Operations Evaluation Department has argued that the entire project cycle should be reconceived as a "learning cycle" to, among other things, more systematically incorporate the views and concerns of all significant stakeholders, adapt projects or policies built on consensus among stakeholders, and strengthen accountability and transparency in implementing agencies.²⁸⁰

The challenge for the Bank, then, is to ensure that the principles of participation are consistently and rigorously applied throughout the project/policy cycle.²⁸¹ To help think through how this can be accomplished, Table 1 combines the principles and stages into a framework for thinking about what participatory decision-making should require at each decision point in the process. For the World Bank, this matrix should be used to structure engagement processes around its decision making cycles. For civil society, it suggests entry points for participation and a basis for assessing whether proposed opportunities for input meet their normative expectations of what a participatory process should look like. *This matrix is intended to be a preliminary review of the opportunities for pluralizing decision-making, and to provide a basis for further discussion on how more participatory and democratic decision-making can be operationalized.*

²⁷⁹ For a series of examples from World Bank and IMF experience, see Robb (2003), as well as Caroline M. Robb, *Can the Poor Influence Policy? Participatory Poverty Assessments in the Developing World*. Second Edition. Washington, D.C.: The World Bank and the International Monetary Fund (2002).

²⁸⁰ Robert Picciotto and Rachel Weaving, "A New Project Cycle for the World Bank?" *Finance and Development*, volume 31, no. 4, (1994), pp. 42-44.

²⁸¹ A number of the suggestions in this section are adapted from Robb (2003) and World Bank (2003b).

Table 1: A Framework for Participatory Decision Making

Stage	Issue-Framing & Agenda-Setting	Identification	Preparation & Appraisal	Negotiation & Approval	Implementation, Supervision & Completion	Evaluation, Adaptation & Learning
<i>Principle</i>						
<i>Transparency & Access to Information</i>	<ul style="list-style-type: none"> ensure access to all key documents, including Economic and Sector Work, CASs, PRSPs, and Joint Staff Assessments <i>prior to</i> discussions and key decisions (ensuring timeliness, translation, and affordability, subject to considerations of cost and relevance) 	<ul style="list-style-type: none"> make available the Project Concept Note, Project Information Document*, Integrated Safeguards Data Sheet,* and Sector Strategy Papers prior to board reviews 	<ul style="list-style-type: none"> make available the Project Appraisal Documents or Program Documents and Letters of Development Policy prior to approval decisions make available, upon request, all documents and data used in preparing Environmental Assessments*, Indigenous Peoples Development Plans*, and Environmental Action Plans prior to board decisions 	<ul style="list-style-type: none"> make public the minutes of board meetings, as well as voting records of members make public all draft documents used for deliberation, including the Memorandum of the President 	<ul style="list-style-type: none"> make available, for public comment, prior to finalization, Implementation Completion Reports as well as interim OED reviews of projects and programs, (e.g., Project Performance Assessment Reports, Impact Evaluation Reports, Country Assistance Evaluations, sector and thematic evaluations), and QAG synthesis reports. 	<ul style="list-style-type: none"> make available the OED's internal audit of projects
<i>Inclusiveness</i>	<ul style="list-style-type: none"> conduct comprehensive stakeholder analysis (e.g., through PSIA) prioritize participation based on a rights-and-risks approach 	<ul style="list-style-type: none"> revisit stakeholder analysis to ensure its adequacy 		<ul style="list-style-type: none"> submit PRSPs and CASs to the Board after they have been subject to debate in national legislatures 		<ul style="list-style-type: none"> revisit initial stakeholder analysis to examine how it might have been improved

* The World Bank Policy on Disclosure of Information currently allows for release of some documents (marked with *) in time for public review before key decisions are made. However, most of documents listed in this table are made available only after discussion and decision making by the Executive Directors.

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<p><i>Quality of Discourse & Deliberation</i></p>	<ul style="list-style-type: none"> • explicitly negotiate expectations for the engagement • provide justification for all major decisions • provide capacity building and funding for less powerful participants • allow affected stakeholder groups freedom to withhold consent • involve stakeholders in drafting PRSPs and CASs • broadly disseminate JSAs, and invite public comment prior to board discussions in order to better inform those discussions. 	<ul style="list-style-type: none"> • involve stakeholders in identifying projects or policy reforms • build stakeholder capacity to assess risks, alternatives, and timetables • conduct participatory assessment of potential impacts of proposed reforms or projects • subject all proposals to public scrutiny and challenge • disaggregate potential impacts on different stakeholder groups • examine trade-offs • discuss how sequencing of policies might mitigate possible adverse effects • set outlines for a participatory M&E framework 	<ul style="list-style-type: none"> • involve stakeholders, and especially affected groups, in developing EAs (beyond nominal public hearings) and in assessing risks and alternatives. • subject EAs and plans to public scrutiny prior to approval • conduct comprehensive and public analyses of alternatives, including no-project options • examine tradeoffs and distributional impacts. 	<ul style="list-style-type: none"> • encourage board members to provide rationales for their decisions 	<ul style="list-style-type: none"> • use participatory M&E to develop indicators, to track poverty impacts, and to identify mid-course corrections • revisit policies, programs, and indicators to amend them as needed, through a follow-up process of participatory dialogue 	<ul style="list-style-type: none"> • involve stakeholders in designing final reviews, using participatory M&E to evaluate impact on poverty • establish a centralized system for feeding findings back into policy and project cycle to enable learning for future reforms and projects
<p><i>Fairness under Rule of Law</i></p>	<ul style="list-style-type: none"> • use predictable rules and standards for deciding who participates and how 	<ul style="list-style-type: none"> • check that projects or reforms distribute risks, costs, and 		<ul style="list-style-type: none"> • require JSAs and other reviews to consider equity 	<ul style="list-style-type: none"> • use participatory M&E to revisit initial assessments on the distribution of risks, costs, and benefits 	

	<p>decisions will move forward</p> <ul style="list-style-type: none"> • develop a just and equitable basis for allocating costs, benefits, and risks • educate citizens on the country regulatory framework and Bank policies, including their rights to information, participation, and redress 	<p>benefits in a just and equitable way</p> <ul style="list-style-type: none"> • pay special attention to risks faced by marginalized groups 		<p>and justice issues</p> <ul style="list-style-type: none"> • encourage governments to develop protections for marginalized groups 		
<i>Accountability</i>	<ul style="list-style-type: none"> • establish mandatory minimum standards for consultation and participation at each stage of the cycle (standards that are enforceable but not cumbersome) • identify penalties or sanctions for failure to comply 	<ul style="list-style-type: none"> • employ independent social scientists to examine whether any stakeholders have been coerced, and what sanctions may apply 			<ul style="list-style-type: none"> • develop social accountability methods —e.g., Citizen Report Cards, Budget Watch initiatives, and other participatory means to publicize successes and failures, and to apply pressure on governments to improve performance 	➔

VI. INSTITUTIONAL IMPEDIMENTS TO PARTICIPATORY DECISION MAKING

Section IV has shown that despite the Bank's stated commitment to participation, empowerment and good governance, its operations do not meet the basic standards of participatory governance necessary to achieve better development outcomes. This raises fundamental questions about the extent of the Bank's actual commitment to participatory decision-making, or, at a minimum, whether it has the ability to ensure that this commitment is implemented across its operations. Why, if the Bank recognizes that inclusive decision-making is so important to development, does it not ensure that it is done consistently well? Or, conversely, it is fair to inquire why, if the Bank is not serious about participation in its operations, does it extol the virtues of participation?

Answering these questions requires some examination of the various organizational imperatives at play within the Bank that militate both for and against public participation. Like most large and complex bureaucracies, the Bank has multiple and, at times, competing organizational cultures and incentive structures that influence its priorities and effectiveness.²⁸² This section explores these forces and explains how they affect the public's role in Bank decision-making.

Organizational Cultures

There are multiple and competing organizational cultures within the Bank, each of which affect the public's ability to influence decision-making. The first is a *culture of expertise*. The Bank prides itself on being an apolitical institution staffed by policy experts in a wide array of technical disciplines who rely on specific types of data and methodologies to inform and justify decision-making,

The culture of expertise constrains participatory decision-making at the Bank in several important ways. First, it tends to systematically undervalue other forms of knowledge and experience.²⁸³ Bank staff frequently complain that public inputs are "not substantive enough" or that CSOs do not always back up their assertions with methodologically sound evidence. As a result, they are more inclined to consult with each other, or with similarly credentialed experts employed by their borrowers, than with civil society and project affected peoples. And when they do consult with non-experts, it is often only to gain information and opinions to better inform their own decisions.²⁸⁴ Moreover, many civil society organizations have found that Bank experts are often dismissive of local or other knowledge systems that, for instance, may rely more on experience than on formalized technical analysis. As a result, they see the Bank's approach as condescending and arrogant, especially given the imbalance in financial and technical resources available to citizens and civil society organizations. This is exacerbated by

²⁸² James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do It*. New York: Basic Books (1989), pp. 90-110; Judith Tendler's work describes similar institutional tensions at the U. S. Agency for International Development. Judith Tendler, *Inside Foreign Aid*. Baltimore, MD: Johns Hopkins University Press (1975).

²⁸³ Innes describes four different kinds of information central to deliberative communication: technical information, participants' own experience, stories told by participants, and images and representations used in discussions. See Judith E. Innes, 'Information in Communicative Planning', *Journal of the American Planning Association*, volume 64, no. 1 (1998), pp. 52-63.

²⁸⁴ World Bank (1996), available at www.worldbank.org/wbi/sourcebook/sb0100.htm#External

the fact that Bank staff often represent political and social elites, who tend to be privileged in terms of economic, educational, and social status in comparison with their CSO counterparts.

Second, an emphasis on expert driven decision-making creates incentives for problems to be framed as requiring solutions that only experts can devise. Expertise thus becomes an obstacle to broader participation, as only those who have the requisite professional credentials are assumed to be relevant actors in policy making.²⁸⁵ This has the affect of marginalizing more participatory and disaggregated forms of analysis, thereby limiting the range of policy alternatives that can be considered.²⁸⁶

Third, issues that are framed as “technocratic” are often inherently political, and can not be legitimately resolved by the application of professional expertise.²⁸⁷ For example, technical or policy experts are often confronted with situations in which the underlying scientific knowledge is incomplete or highly contested, or where decision-making entails determining whether costs and risks are acceptable or fairly allocated. Sorting out these conflicts is ultimately the responsibility of political decision-makers, and should be publicly resolved through negotiation and by reference to principles of distributive justice.²⁸⁸ While the insights of experts should be brought to bear on such complex and technical issues, these experts should not be cast in the role of primary decision-makers. From a perspective of democratic decision-making, it would seem more equitable for the onus to lie on the educated experts to try to understand the views and concerns of citizens, in the citizens’ own terms, while also building long-term local capacities to engage on technical issues.

Democratic decision-making at the Bank is also limited by a *culture of secrecy*. Many civil society organizations, and some of the Bank’s own staff, have criticized the organization for being unnecessarily secretive with respect to information disclosure, decision-making, governance and deliberation.²⁸⁹ Although the Bank ostensibly operates under a “presumption of disclosure” that entitles citizens to the timely release of non-confidential information, the Bank usually only applies this presumption to documents that are specifically referred to in the Disclosure Policy. For all documents that are not specifically required to be disclosed under that policy, the Bank actually applies a presumption *against* disclosure. Thus, only a limited set of information is placed in the public domain, and often it is released too late for critical review and response or to inform public participation. This culture of secrecy results in extreme information asymmetries between the Bank and those who wish to engage it on policy or project related issues, and disempower interested citizens from asserting and defending their interests.

An additional tension arises from what has been famously termed a “*culture of approval*.”, based on the findings of an internal World Bank task force in 1992, headed by then Vice President

²⁸⁵ Coleman and Porter (2000), p. 381.

²⁸⁶ This is what Michel Foucault has called “power/knowledge.” Michel Foucault “Two Lectures: 7 January 1976, 14 January 1976,” in Colin Gordon (ed) *Power/Knowledge: Selected Interviews and Other Writings 1972-1977*, New York: Pantheon, (1980), pp. 78-108.

²⁸⁷ Ngaire Woods. “Multilateralism and its Alternatives: The Public Accountability Gap in Global Governance,” in Alnoor Ebrahim and Edward Weisband (eds), *Forging Global Accountabilities: The Public Ethics of Participatory Practices* (under review), pp. 5-6.

²⁸⁸ See, Williams and Matheny, (1995), p. 18; UNDP et. al. (2004), p. 15.

²⁸⁹ BIC (2004).

Willi Wapenhans. The Wapenhans Report found that only a small minority staff interviewed believed that the Bank's analytical work during project preparation was adequate to ensure the project quality. The report called into question the credibility of the Bank's appraisal process, observing that many Bank staff used appraisals as marketing devices for securing loan approval. In short, the Wapenhans Report observed "an 'approval culture' in which appraisal becomes advocacy."²⁹⁰ Staff that were surveyed for the report provided various reasons for poor portfolio performance management. The most significant factors cited were inadequate resources, especially to inadequate time for supervision; deficient staff skills; distorted incentives; and, pressures to lend.²⁹¹

The extent to which these same problems persist today has not been recently documented. However, the 2001 Annual Review of Development Effectiveness reported that "[a]n emphasis on lending appears to have limited the Bank's effectiveness in some countries. Lending pressures were reported in five out of thirteen recently evaluated countries."²⁹² And the Bank's recent return to higher-risk large infrastructure projects, particularly in middle-income countries with better repayment rates, suggests that the pressures to move money remain strong.²⁹³ This is also evidenced by a heightened concern that the transactions costs of its environmental and social safeguard policies are a substantial impediment to doing business.²⁹⁴ This deference to large borrower governments, which may not be particularly receptive to participation in the first place, serves to reinforce lending pressures at the expense of civil society engagement.

Taken together, this cultural landscape —of expertise, secrecy and approval —creates an institutional climate inhospitable to participatory decision-making. A culture of expertise undervalues forms of citizen knowledge and deliberative discourse that might instead complement technical analyses; a culture of secrecy undermines transparency and reasoned decision-making; and, a culture of approval values annual lending outputs over long-term outcomes such as empowerment, reduction, and improving living standards.

Staff Incentives

Within this institutional context, there are a number of positive and negative incentives for staff to promote meaningful participation. The disincentives include:

- *Technical expertise* is necessary for justifying project and policy lending decisions, for recruitment, and for maintaining status. Considering a full range of alternative policy

²⁹⁰ World Bank, "Effective Implementation: Key to Development Impact. Report of the World Bank's Portfolio Management Task Force," (Wapenhans Report) (1992a) pp. 14, 16.

²⁹¹ Ibid, p. 17. Also cited in Thomas, M.A. "Can the World Bank Enforce its Own Conditions? The World Bank and the Enforcement Critique of Conditionality." Center for Institutional Reform and the Informal Sector (IRIS). College Park: University of Maryland, (undated), p. 6.

²⁹² World Bank, "Annual Review of Development Effectiveness," (2001), p. 34, as cited in Thomas, M.A.(undated): 6.

²⁹³ World Bank, "Infrastructure Action Plan" Washington, DC (July 8, 2003a); World Bank, "Enhancing World Bank Support to Middle Income Countries," Washington, DC (March 2004b).

²⁹⁴ World Bank, "The Cost of Doing Business: Fiduciary and Safeguard Policies and Compliance," Washington, DC (July 2001a).

and project options would require collaborative, rather than authoritative, use of knowledge.

- *Lending pressures* reward quick appraisal and disbursement, and deference to borrower governments. Moving money is valued for promotion, while attention to participatory monitoring and evaluation is not.
- *Resources* available to task managers do not include special allocations for civil society engagement. Participation is thus viewed as an “add on” and a drain on time, money, and capacity.
- *Staff appraisals* do not evaluate the quality and impact of participatory mechanisms employed by staff. Staff have neither positive nor negative incentives to improve the quality of participation beyond compliance with the letter of consultation requirements. Thus, the purpose of conducting public consultations often becomes to simply be able to say that the policy requirement had been complied with, rather than to obtain and incorporate local inputs.

Despite these strong disincentives, there remain a number of positive incentives within the Bank for encouraging participation:

- *Reduced reputational risks* are achieved through early and frequent engagement with civil society. This is particularly true of large infrastructure projects, where the Bank has frequently been embarrassed by civil society responses that have ultimately led to its withdrawal.
- *Improved performance and effectiveness* result from participation in all stages of the project and policy cycles. Because the impacts of projects and policies are not uniform across social sectors, participation by civil society enables better design, monitoring, and learning. It also facilitates the development of better qualitative measures of performance in poverty reduction.
- *Empowerment* is only possible through forms of participation in which decisions and resources are shared with the poor. The Bank’s mission of poverty reduction cannot be achieved without such engagement.

The negative and positive incentives for participation differ in one key respect: the disincentives arise from immediate day-to-day pressures on operational staff, whereas the incentives are longer-term and are premised on a commitment to the Bank’s mission of poverty reduction. *In other words, there is an incompatibility between short-term and long-term incentives. Short-term incentives and rewards are not aligned with organizational objectives.*

Conclusion

Taken together, organizational cultures and staff incentives provide a lens through which to understand why the Bank has so often failed to translate its stated commitment to participation into more inclusive decision-making. The dominant organizational cultures and the more immediate staff incentives subordinate meaningful public involvement to other considerations. Meanwhile, the countervailing incentives for more democratic decision-making — reducing reputational risk and increasing development effectiveness -- are diffuse, long-term, and difficult to measure. The result is a set of organizational incentives and expectations that devalues

participatory decision-making. As a result, public voice and accountability are subordinated to satisfying the demands of borrower and donor governments, minimizing overhead, and moving loans through the approval process in an expeditious manner. Ultimately, these organizational imperatives can lead the Bank to value public engagement more as a mechanism for gaining public approval for its decisions than for improving the quality of performance or empowering citizens to help determine their own development destinies.

VII. RECOMMENDATIONS

CROSS-CUTTING RECOMMENDATIONS

1. The World Bank should increase participation in its decision-making at each stage of the project/policy cycle. The project/policy cycle provides a structure for improving participation in Bank operations. In Section V, we proposed a framework for considering how each stage in this cycle can systematically be linked with basic standards of participatory decision-making. This framework offers an approach to developing benchmarks for what good process requires at each stage of decision-making. The Bank should use it as a way to think comprehensively about how to structure and expand participatory decision-making at each stage of the cycle. We also believe that civil society organizations could use this framework to: (a) assess in advance whether a proposed process meets their normative expectations, and therefore to help decide whether, or under what terms, to participate; and, (b) evaluate processes to determine whether expectations and commitments were fulfilled.

As the matrix in Section V (Table 1) suggests, a comprehensive approach to pluralizing decision-making requires, at a minimum, that:

- All stages of the project/policy cycle should be transparent and enable access to information for public deliberation before key decisions are made.
- The capacity constraints of citizens and CSOs should be identified, so that efforts can be made to improve capacities and accessibility at all stages of decision-making (including, for example, considerations of language, timing, location, negotiation skills, etc.). This is particularly important for politically marginalized groups such as women, rural populations, and indigenous peoples.
- The Bank should provide adequate budgetary resources for participation and capacity building through all stages of decision making. Where direct capacity building by the Bank risks cooptation, resources should be made available to third parties for building the capacities of participants.
- The Issue Framing and Agenda Setting stage should be preceded by a comprehensive stakeholder analysis, and prioritization based on a rights-and-risks approach, with special attention to marginalized groups.
- The Identification and Preparation and Appraisal stages should be based on participatory identification of options and risks, comprehensive and public analyses of alternatives (including no-project options), assessment of distributional impacts and trade-offs, and openness to public scrutiny and challenge.
- The Negotiation and Approval stage should involve public disclosure not only of board minutes and voting records, but also materials that can help citizens understand board decisions, such as board committee minutes and reports, meeting summaries, , and draft documents used for deliberation. The Bank should also encourage debate on the project or policy reform in national legislatures prior to board discussion.
- The Implementation, Supervision, and Completion stage should use participatory monitoring and evaluation.

- The Evaluation, Adaptation, and Learning stage should involve participatory design and implementation, should include benchmarks for determining whether engagements are meaningful, and should feed into a centralized system for informing future operations.

2. The World Bank should establish mandatory minimum standards for consultation and participation. There is an overriding contradiction at the center of the Bank's approach to public participation. On the one hand, Bank literature and policy statements are replete with testimonials to the importance of participation and empowerment to achieving good development outcomes. But on the other hand, the Bank currently has no required procedures for developing policy, and no clear minimum standards for soliciting or incorporating public inputs in its lending operations. Rather, public participation is usually ad hoc and discretionary, and the Bank generally only formalizes or requires it when forced to do so under external pressure.²⁹⁵

The Bank should develop at least two mandatory participation policies. First, to increase fairness, predictability and transparency, it should adopt a fixed administrative procedure for developing and revising Bank operational policies and strategies.²⁹⁶ Currently, the Committee on Development Effectiveness sets the parameters and procedures of these processes on a case-by-case basis. Second, the Bank should adopt a set of minimum requirements for public participation in different types of lending operations.

We note that there is a wealth of Bank literature on how to implement high-quality, participatory decision-making throughout the Bank's operations, and many Bank staff, in the exercise of their discretion, strive to follow best practice. As a result, there is an ample basis for crafting effective participation policies within the parameters of existing Bank practice. They should include, for example:

- A predictable basis for including all parties that have a right or an interest at stake in the decision, or who may bear risks; and for establishing the range of issues under consideration. This includes identifying the specific interests and accessibility needs of various stakeholders, especially marginalized groups, and planning the outreach necessary for their inclusion.
- A process or set of ground rules for determining how decisions will move forward.
- Adequate notice and comment periods.
- A basis for building the capacities of less powerful participants.
- Procedures for public reporting and evaluation that might include: a list of stakeholders involved and how they were identified; details of the participatory process and schedule; discussion of main issues raised and how the process addressed them; an annex prepared by representatives of civil society on their views of the process and how those views have been addressed.²⁹⁷
- Participatory procedures for background research and analysis, including for assessing and distributing costs, benefits, and risks from the proposed policy or project in a just and equitable way.

²⁹⁵ Bradlow (2001a), p. 255

²⁹⁶ Kingsbury et al. (2004), p. 2; Bradlow (2001a), p. 255.

²⁹⁷ This list is adapted from Oxfam International (2004), p. 10.

- Accountability mechanisms, including penalties or sanctions for failure to comply with the standards, coupled with guarantees of access to dispute resolution or other appeals mechanisms.

3. The World Bank should improve the transparency of its governance and operations.

Transparency is, in many ways, the basis for participatory decision-making. Transparency enables people to participate meaningfully in public decision-making by providing them with the information they need to understand, evaluate, and influence the actions of decision-makers. While the World Bank has recently improved its information disclosure policies and practices, they still fall well short of international best practice. According to a recent UNESCO study, such international best practice includes:

- A guiding principle of maximum disclosure, in which all information is subject to disclosure unless there is an overriding public interest in keeping it secret;
- Broad definitions of the scope of information subject to disclosure;
- An obligation to publish proactively key documents and categories of information, even in the absence of a specific request;
- Clear, accessible mechanisms for the public to exercise of the right to information, including an independent mechanism through which denials of information requests can be appealed;
- Specific and narrow exceptions to the presumption of disclosure that can be overridden by a determination that disclosure will not cause substantial harm, or that the public interests would be served by release; and
- Practical steps to promote greater access to information.²⁹⁸

We see no reason why the world's leading development institution should not meet international best practice standards with respect to transparency. For the Bank to meet these standards, it would need to:

- Improve the transparency of its own governance structure and decision making;
- Expand the range of draft and final documents, as well as other key decision documents, that are required to be disclosed proactively;
- Specify strict timelines for the disclosure of information, and in a timeframe that enables public deliberation before key decisions are made;
- Require that any refusals be justified by a written, substantive explanation of the reasons for the denial;
- Establish an independent appeals mechanism to review denials of requests for information;
- Subject all exceptions to disclosure to substantial harm and public interest tests; and
- Limit the discretion of borrowers to determine whether a document should be released.

4. The Bank should respect, and proactively seek to expand and protect, political space for democratic and participatory decision-making in national political processes.

The potential for participatory decision-making processes is much higher at the national and sub-national levels than in global public institutions like the World Bank. Thus, while it is essential for the Bank to increase participation in its own governance and operations, it is equally

²⁹⁸ Toby Mendel, "Freedom of Information: A Comparative Legal Analysis", UNESCO (2003).

important for it to respect local democratic institutions and processes by subjecting its lending and policy recommendations to parliamentary and local government scrutiny. In countries in which democratic spaces are limited, the Bank should facilitate the use of more inclusive and democratic domestic decision-making processes. While the Bank is (and should be) constrained in the extent to which it can involve itself in domestic politics, there are a number of avenues for it to expand political space for affected people and their organizations to influence development decision making. We recommend that the Bank should:

- Minimize conflicts between Bank operations and domestic democratic processes, and take steps to avoid usurping or crowding out effective mechanisms for public participation that may already exist.
- Expand the opportunities for the public to participate in dialogues between the Bank, other donors and borrowing governments on key strategic issues.
- Require borrowers to meet minimum standards in their participatory processes, and to explain how they will make those processes meaningful and effective. These standards should include protections for those that are marginalized in the domestic political process, such as requiring that particularly risky projects have broad community support.²⁹⁹
- Increasingly and proactively work with parliamentarians and a wider range of public agencies, and encourage parliamentary review of loans.
- Work to create positive enabling environments for civil society organizations to operate
- Prioritize lending to those agencies with a demonstrated commitment to participatory decision-making;

The Bank's reliance upon finance ministries as the fulcrum of national policy-making comes at the cost of disempowering governmental agencies that are potentially more representative and politically responsive, such as national parliaments. In so doing, the Bank may distort the checks and balances that make government entities accountable to one another. And, by marginalizing these other entities in decision-making, it precludes them from developing the experience and capacity that might enable them to discharge a more assertive oversight role in the future. Admittedly, the Articles of Agreement require the Bank to interact with countries through their finance ministries. But this does not preclude the Bank from concluding that serious governance problems exist where a finance ministry is unwilling to submit a loan to parliamentary scrutiny, and rethinking the wisdom of the loan accordingly.

Finally, the World Bank should defend the political space it creates in domestic political processes. Meaningful participation, at the end of the day, is often about dissenting from popular positions, challenging settled orthodoxies, and confronting powerful interests. In many countries in which the Bank operates, this can be considered seditious, and can expose those who raise concerns to reprisal. The Bank, however, does not offer adequate assurances to those that participate in their consultation processes that they will not be punished as a consequence.³⁰⁰ The Bank should:

²⁹⁹ World Bank, "Striking a Better Balance: The World Bank Group and Extractive Industries: Final Report of the Extractive Industries Review (2004f), p. v.

³⁰⁰ Bradlow (1996).

- Assess the political risks faced by those who participate in its consultation processes, and take steps to ensure that they will not be punished as a consequence (for example, by threatening to withhold loans)

At present, the World Bank Group does not systematically assess these risks, nor does it explicitly require borrower governments to respect the rights of those who participate.

SPECIFIC RECOMMENDATIONS

1. Recommendations for reforming institutional governance

In order to better align institutional governance with contemporary standards of participatory and democratic decision-making, the member countries should:

- Address the serious power imbalances between donor and borrower governments. This will require (a) re-allocating voting shares and Board seats, (b) providing some borrowing country Director offices with additional capacity and resources, and (c) ending the anachronistic prerogative of the United States to name the Bank President. Toward this end, the Board of Governors should solicit public input and publicly deliberate a range of proposals to strengthen the voices of borrowing countries, and should develop a fair and transparent Presidential selection process.
- Improve transparency to better enable the public to directly influence decision-making, and to hold their directors accountable for how they are represented. Draft documents should be made public before they go to the Board, so the public knows what issues the Board is addressing. Agendas should be available in advance of meetings, and transcripts should be released afterwards. Formal votes should be taken so that the public can understand the positions taken by their representatives.
- Develop new mechanisms to allow the public to put issues directly before the Boards of Executive Directors and Governors. For example, on particularly contentious issues, the Executive Directors should hold public hearings in which affected people are invited to testify, or host tripartite dialogues with bank management and civil society. These mechanisms would not only increase citizen voice, but would also enhance Board oversight of management, by improving its ability to gather information from external sources. The Board of Governors should use similar mechanisms for the issues that it does not delegate to the Executive Directors. An excellent precedent for this occurred during the second review of the Inspection Panel, in which the Board held an informal meeting with civil society organizations to discuss proposed revisions to the Panel's procedures.³⁰¹
- Explicitly recognize the need for horizontal mechanisms of accountability and checks and balances on Bank decision-making. Most important, member governments should recognize international law, including international human rights law, as a limitation on

³⁰¹ Bradlow (2001a), p. 253.

Bank conduct. Where the Bank violates its legal obligations, aggrieved parties should have the opportunity to seek redress in courts of competent jurisdiction.

2. Recommendations for Improving Categories of Engagement

In order to enhance participatory decision-making in the **development of World Bank policies**, the Bank should:

- Develop and implement a fixed administrative procedure for developing policies (cross-cutting recommendation 2).
- Be clear at the outset what issues are, and are not, under review;
- Through mechanisms such as civil society advisory groups, allow civil society to participate in setting the agenda of the review, developing the research that will inform it, and developing the procedural guidelines under which it will be conducted;
- Provide meaningful avenues of redress for flawed consultations or failures to follow through on commitments made during the process;
- Clearly inform participants how their inputs were received and taken into account by providing minutes of meetings, iterative drafts, and a compilation of responses to substantive comments.
- Use participatory processes for monitoring and evaluating policy implementation to allow for ongoing learning and policy improvement.
- Establish participatory mechanisms for monitoring and evaluating the implementation of the new administrative procedure for policy development.

In order to enhance participatory decision-making in **national policymaking through PRSPs**, the World Bank should:

- Ensure that issues of macroeconomic policy, human rights, and gender equity are placed on the PRS agenda, and that priorities are identified by PRS participants through a deliberative dialogue.
- Establish clear guidelines and policies for transparency and access to information for PRS processes, including timely disclosure of key documents necessary for participatory decision making. These documents should include, but are not limited to, the draft CAS, loan documents (including PRGFs and PRSCs), PRSP policy matrices, draft versions of JSANs, and Letters of Development Policy (cross-cutting recommendation 3).
- Make clear their intentions and objectives in a manner open to public scrutiny, and encourage governments to do the same.

- Require transparency and participation during all stages of the policy cycle, including drafting, implementing, and monitoring and evaluation of the PRSP (cross-cutting recommendation 1).
- Develop minimum standards for participation in PRSPs, supported by country-specific benchmarks. Each country should carry out an independent “PRSP Lessons Review” based on these standards.³⁰² (Also see cross-cutting recommendation 2)
- Work with national governments to establish a permanent framework for effective participation that feeds into and builds on legislative processes. This includes increasing the participation of parliamentarians and line ministries, ensuring adequate time for broad public participation (especially in rural areas), and better integration of the process with national poverty planning procedures.
- Proactively work to expand and defend political space (cross-cutting recommendation 4).
- Provide resources and time for building the capacities of participants to engage more effectively. This includes training on interpretation of technical documents and technical papers, and on the development of policy alternatives.
- Require PSIA for all major policy reforms, accompanied by minimum standards to guarantee that the selection of PSIA topics represents multi-stakeholder interests, that there is support for local and independent researchers, and that PSIA examine a broad range of alternative policy options rather than simply mitigation measures.
- Explain how World Bank and IMF lending programs and strategies (i.e., PRGF, PRSC, CAS) have been shaped by the PRSP.
- Refuse to approve PRSPs unless minimum participation standards have been met, and they have been reviewed by national legislatures.

For enhancing participatory decision-making in **projects**, the World Bank should:

- Ensure full and timely disclosure of key documents necessary for participatory decision making throughout the project cycle. These documents should include, but are not limited to, draft project documents and supervision and completion documents (cross-cutting recommendation 3).
- Require participation at all stages of the project cycle, especially during agenda-setting, identification, and monitoring and evaluation (cross-cutting recommendation 1).
- Develop minimum standards for participation in projects in order to improve deliberation, strategic clarity, and feedback (cross-cutting recommendation 2).

³⁰² Oxfam International (2004), p. 3.

- Systematically incorporate social analysis throughout project decision-making.
- Offer incentives to staff for improving participation through sustained funding, time allowances, capacity building support, and performance appraisals that reward quality participation.
- Provide capacity-building support to project stakeholders not only on technical issues related to the project impacts, but also on legal rights and negotiation skills.
- Develop a learning system based on improved and participatory monitoring and evaluation (especially for poverty and social impacts), training and knowledge management systems better suited to the needs of task managers, better supervision and lines of responsibility for overseeing participation, and standards and benchmarks for participation coupled with mechanisms for redress and accountability.

3. Recommendations for **institutionalized dialogue mechanisms**:

- Institutionalized dialogue mechanisms such as the JFC have lacked credibility, raised suspicions among excluded civil society organizations, and have not had a demonstrable impact on policy development. To be useful, such mechanisms should:
- Focus on specific substantive areas. They should not be used as forums for generalized dialogues on a range of issues affecting civil society;
- Have a clearly articulated purpose and scope, transparent selection process, and broad representation.
- Be used primarily as an advisory mechanism during the planning stages of a broader consultative process. In this way, they can provide a means for civil society to experts to help prioritize substantive issues to be addressed, frame a research agenda, and develop procedural guidelines to be used during consultations.
- Complement, and not supplant, broad-based consultations with stakeholders and more organic and democratic consultation processes.
- Terminate at a specified time.

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APPENDIX A: Methodology

This report was drafted by two independent researchers commissioned by the civil society members of the JFC, from December 2004 to April 2005. The methodology consisted of:

1. Heavy reliance on secondary materials for analysis. The researchers drew from an extensive body of studies and reviews already conducted by CSOs, the World Bank, and academics. Drawing on this very recent work provided a much larger evidentiary base for our conclusions than would have been possible through reliance on primary research alone.
2. Consultations and focus groups with civil society organizations. A total of eight consultations were conducted. The majority of these were held in Africa (Uganda, Zambia, Senegal, Angola), two were held at the World Social Forum in Brazil, one in the Republic of Macedonia, and a focus group in Washington, D.C. These consultations were intended to serve as an additional means of checking the validity of findings that were emerging from the existing literature.
3. Interviews. Fifty-three individual interviews were conducted with members of CSOs (23), Bank staff, management, consultants, and executive directors (25), and academics (5). This does not include interviews or conversations with CSO representatives on the JFC.
4. Online survey. Several short-answer questions were distributed through an online survey in the first week of February to approximately 18,000 subscribers of the CIVICUS electronic newsletter, and to 283 email addresses that included JFC listserv member, and other civil society contacts and listserves. . A total of 79 responses were received at the time of writing.

In addition, this is a draft document that is now undergoing a review process that involves several steps:

1. Detailed review by the CSO members of the JFC
2. Public release of the draft document (on April 13) for comment and distribution on the CIVICUS list-serve and others
3. Discussion and feedback at the World Bank Civil Society Forum (April 20-22), with translations available in French and Spanish.
4. Review by several scholars familiar with Bank-civil society engagement issues