

THE WORLD BANK: REAL CHANGE AT LAST?

Doug Hellinger and Atherton Martin

Over the past few years, the World Bank has joined the chorus of a growing number of international agencies singing the praises of NGOs. Has this rhetoric been translated into meaningful relationships with NGOs? What are the reasons behind this apparent change in attitude?

The 1970s saw a five-fold increase in annual World Bank lending in real terms. During this period, so-called "poverty" loans received the most publicity. But in reality, these loans constituted less than a third of the institution's lending during the decade; even the bulk of that money was channelled through the same conventional institutions — government ministries, development banks, etc — which rarely reached and involved the poor and their communities.

Only in rare instances was there any experimentation with the direct involvement of Southern NGOs in project design and implementation. One example of where this did happen was in the Urban Project Department, where the current Africa regional vice-president, Kim Jaycox faced popular opposition by urban slum dwellers to top-down projects. But even such limited innovation was a threat to the more conservative regional offices of the bank. After a change in the leadership of Urban Projects, the idea found little support anywhere in the institution.

Ironically, it was at this time that the Bank began a dialogue with Northern NGOs, raising unfulfilled expectations of funding for NGO projects. For six

years the Bank avoided any serious consideration of changes in its own programming, which was often having adverse effects on local populations. Nor did it do much in the way of supporting the activities of Southern NGOs as alternatives to ineffective government programmes.

Some Bank officials now admit privately that this dialogue with Northern NGOs was originally something of a hoax. It was launched primarily so that the NGOs would lobby their governments to support the financial topping up of the International Development Administration (IDA), the arm of the Bank which gives soft loans to poorer member countries.

Bank staff had admired the way that AID, the US bilateral aid agency, had created a lobby for its budget in the US Congress by establishing major grant programmes for the voluntary sector in the 1970s. Other international agencies have followed the same strategy of reaching out to an NGO constituency but, so far, without incorporating non-governmental groups in any significant way in their work. Much of the rhetoric about NGOs, as well as their involvement in activities which are marginal to the major thrust of the international agencies, can still be traced to this motivation.

But recent events at the World Bank and, more importantly, in the international economy, have expanded the reasons for its interest in NGOs beyond public relations.

Alex Shakow is the new director of the Strategic Planning and Review Department and oversees the Bank's dialogue with NGOs. He says that some senior staff and others in the institution now recognise that financial experts underestimated the length and intensity of the Third World debt problem; the policies promoted by the Bank to address it have not proceeded as smoothly as they had hoped. With poverty intensifying across much of the Third World, some people in the Bank have begun to think again.

NGOs, with their reach into poor communities, can provide contacts at local levels and offer a real possibility for the promotion of sustainable development.

Shakow feels that his institution's project designers are beginning to recognise the importance of involving intended beneficiaries in projects at local levels. At the same time, they are beginning to see NGOs, many of which have grown in sophistication and skill since the 1970s, as conduits to the local knowledge to which the Bank has little access. NGOs are also implementors of project functions that the Bank and governments cannot carry out nearly as effectively. According to Shakow, many governments are also recognising their limitations and are now more accepting of support for certain types of activities being channelled through alternative institutions.

With a new generation of field-oriented staff receiving such positive signals from top Bank management, work with NGOs has become acceptable and even fashionable. But it is still very far from widespread at the Bank.

In part it has been the failure in adjustment lending that have been responsible for the new surge of Bank interest in NGOs. They are not being considered as participants in the main event, ie the formulation of adjustment policies, but as implementors of projects that might fill the holes and clean up the mess left by the failed policies adopted by government at the urging of the Bank and the IMF.

Ten years ago, Bank officials would rarely contemplate NGO implementation of a Bank-supported project or project component. But the forced cuts in government services and the impact on the poor of austerity measures promoted by the Bank have led the institution to seek the co-operation of NGOs in keeping the cap on social discontent.

Financing has been arranged and offered to both Northern and Southern

NGOs for the implementation of "compensatory" programmes of food-aid and other assistance aimed at certain vulnerable groups. Likewise, an increasing number of governments that are unwilling to allocate their dwindling resources to social-sector activities are happy to see church organisations and other local NGOs take responsibility for the delivery of health, education and other services to the poor.

But the NGOs have still not been given the opportunity to influence the policies that made such programmes necessary. Nor do they have the financial support which would allow them to carry out their usual attendant educational and organisational work in poor communities. Many have overextended themselves and find that they have less and less time for the organisational, promotional, and advocacy activities for which many were founded.

The real test of the Bank's commitment to a true partnership with Southern NGOs will be the extent to which the institution seeks to involve these organisations in policy formulation, as well as in mainstream project planning and implementation. Environmental groups, particularly those in the United States, have formed an effective lobby for such changes. Other NGOs, in their dialogue with the Bank, have recently challenged the bank to engage in systematic consultations at regional and national levels. Caribbean organisations, for example, will be meeting with Bank officials to discuss possible changes in the Bank's policy package.

The Bank is seeking a major injection of funds later this year. NGOs will be watching closely to see whether the Bank is really open to change, or if it plans to use increased resources to promote the same old programmes and policies that have so frequently been devastating to the poor.

Doug Hellinger and Atherton Martin both work for The Development GAP, a Washington-based policy organisation.