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NON-GOVERNMENTAL ORGANIZATIONS AND WORLD BANK-SUPPORTED PROJECTS IN ASIA: LESSONS LEARNED

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World Bank

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FOREWORD

For a wide variety of Bank-supported operations, the active involvement of Non-Governmental Organizations (NGOs) in the design, implementation and evaluation of such operations is an effective means to strengthen their economic social and environmental impact. In recognition of the valuable roles which NGOs can play, a systematic effort by the Bank was launched several years ago to expand cooperation with NGOs, and to encourage early engagement by NGOs in forthcoming Bank-financed projects. In parallel, a number of reviews have been undertaken within the Bank of the settings in which NGO involvement can be most effective, and the modes of involvement which have been shown to be most productive. The present report is one such effort, and it focuses on the Bank's experience in the Asia Region.

The emphasis of the report is on lessons learned. These are drawn from insights gained the summer of 1990 through the author's review of a selected set of Bank-supported projects covering a range of sectors, and through interviews of officials at various levels in the Bank and in the NGO community.

The views and interpretations set forth in the report are, of course, the views of the author. However, by facilitating dissemination of these views among Bank staff responsible for the design of lending operations, it is hoped that they will be stimulated to adopt or adapt appropriate best practices and innovative approaches identified in this report. The result, it is expected, would be to enhance the effectiveness of our development impact in the Asia Region.



Daniel Ritchie

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EXECUTIVE SUMMARY

1. This study analyzes the role of Non-Government Organizations (NGOs) in 39 Bank-supported projects, in 12 sectors, in 8 Asian countries, and describes what has worked and why, so as to assist Bank Task Managers of future projects to involve NGOs in the most effective and tested manner.
2. The analysis is presented in a sequence of answers to nine logical questions which Task Managers may have concerning NGOs. These questions are:
3. Why is it necessary to consider NGOs? NGOs area means to innovation; to target marginalized people, organize these marginalized people into purposive groups, and facilitate the participation of these groups in their own development. The targeting, organization, and participation of marginalized groups is demonstrably linked to efficient, effective, equitable, and sustainable development. NGOs are also a means to effective and inexpensive delivery of services.
4. NGOs may contribute to all phases of Bank project cycle (identification and design; implementation; and monitoring and evaluation). While, in Asia, the Bank is tapping the potential of NGOs to contribute upstream to identify, design, and implement Bank-supported projects, the potential of NGOs to contribute downstream to monitor and evaluate projects is an important but underutilized development resource.
5. Why is it necessary but not sufficient to consider NGOs? NGOs, which often have significant disadvantages, may not always be the best institutional mechanism to combat poverty. Certain government line agencies in Asia serve as role models for facilitating participatory development and delivering cost-effective services to marginalized populations. Similarly, local governmental and semi-governmental institutions have proven to be effective in Asia. Task Managers are advised to comparatively assess available institutional mechanisms irrespective of the sector to which they belong: private, public, or NGO.
6. Comparative institutional assessment builds upon complementarily as well as competition between institutional alternatives, and emphasizes enhancement of participatory processes which work to empower and enrich the poor. This assessment is ex-ante, demand-driven, and field-based.
7. How to categorize NGOs? Bank collaboration with indigenous NGOs (as opposed to international NGOs) is emphasized because development in the Third World is an indigenous responsibility, developing country governments are inclined to involve developing country NGOs rather than NGOs based in industrial countries in Bank-supported projects, and indigenous NGOs are more likely to have better local knowledge and understanding than international NGOs.
8. Integrating existing categories in the Bank, a functional topology of indigenous NGOs is constructed. The Bank is limited in its capacity to directly deal with grassroots organizations (one type of NGO) as these tend to be small, unstructured, localized, and vulnerable, and sometimes utilizes intermediary NGOs (another type of NGO) to bridge the gap between grassroots organizations and itself.
9. Intermediary NGOs are sub-divided into two functional categories. Service-provider intermediary NGOs are being extensively used by the Bank in Asia to generate demand or services provided by Bank-supported projects, train beneficiaries and line agency staff, form and manage service-delivery institutions, and deliver and expand services. Policy-advocacy intermediary NGOs have the potential to contribute to Bank-supported projects by bringing issues such as the environment, technical knowledge of local conditions, and concerns of disenfranchised people to the attention of the Bank, assisting in

planning and design, acting as watchdogs during implementation, and providing stimuli to corrective action.

10. Sector-specific as well as cross-sectoral apex organizations (NGO coordinating bodies) increase contract and collaboration among NGOs, provide services to members, improve links with the government and external donors, and augment resources available to NGOs.

11. How to identify and select NGOs? Identification and selection mechanisms for intermediary NGOs are important for four reasons. First, there exist such a large number of NGOs in some Asian countries that selection criteria prove useful to narrow the sample for operational collaboration. On the other hand, in some Asian countries where there are virtually no NGOs in particular sectors selection criteria help the Bank to identify the best NGO from the limited sample. Third, selection criteria enable the Bank to distinguish between genuine development NGOs and others. Finally, selection criteria assist the Bank in working with a cross-section of NGOs.

12. The Bank has formulated four well-defined strategies to select and identify intermediary NGOs in Asia. These strategies which reinforce each other include developing NGO databases, networking informally with the NGO community, tapping the networks of government apex organizations, NGO apex organizations, and Bank-NGO Committees, and utilizing the information systems of well-established NGOs.

13. How to facilitate Government-NGO relations? Generalizations about government-NGO relations are complicated by the spectrum of orientations towards government found among NGOs, even within a particular national setting. Differences also exist among governments in both their commitment to pluralism and their ability to enforce their will, resulting in a spectrum of government orientations towards NGOs.

14. But the Bank has to work primarily with and through the government in any country, whatever its orientation may be towards NGOs. The inclination of a government to support NGO involvement in the long-run is an important precondition for the Bank to enhance government-NGO relations.

15. Given the existence of this precondition, the Bank utilizes eight strategies to facilitate government-NGO relations in Asia. The Bank influences the government of a particular country in key policy areas to make government-oriented studies to build up evidence of NGO success stories and of successful government-NGO collaboration so as to operationalize measures for implementing this collaboration. Since Bank involvement with NGOs depends on the concurrence of the government concerned, Bank support for trilateral (government-NGO-Bank) meetings proves to be a fruitful strategy. Efforts to sensitize senior officials who matter in formulating and implementing state policy helps create a "space" for NGOs. Similarly, using existing training seminars to sensitize lower line agency officials to participatory development paradigms enhances day to day operational cooperation with NGOs. Encouraging movement of NGO staff into government line agencies injects a sense of "ownership" of Bank-supported NGO-components directly into line agencies. Using incentives to buy cooperative effort from line agency staff in NGO-components is another successful strategy. Bank support for the creation of sector-specific local-level government liaison cells to facilitate, support, and co-ordinate NGO activities increases the role and scope of NGOs.

16. How to facilitate NGO-Bank relations? While improved collaboration between government and NGOs is more important than direct NGO-Bank relations, the Bank employs several strategies in Asia to strengthen these relations.

17. The Bank makes an effort to institutionalize NGO-related work by assigning at least one staff member in the Resident Mission the responsibility to network with NGOs and to monitor Government-NGO relations. The Bank identifies and closely interacts with key individuals who strongly influence

the NGO community in each Asian country. Bank-NGO Committees, like the one in India, serve as a forum for routine discussion between the Bank and a sample of NGO leaders. Exchange of perspectives between the Bank staff and NGOs is facilitated by Asian NGO members who serve in the operational departments of the Bank for limited time periods. Consultations with NGOs upstream for Sector Reviews helps the Bank elicit important insights and develop support for its anti-poverty programs. A structured dissemination process of NGO literature for its operations and policy formulation staff enables the Bank to learn from these studies. The Bank "buys into a good thing" by scaling up and multiplying successful small scale efforts led by NGOs.

18. How to use Bank funding procedures to work with NGOs? It may be appropriate for the Bank to consider quantity of loan disbursed as only a minor indicator of the success of NGO-related projects, since these projects emphasize self-financing and self-development and usually require small loans over long periods of time. NGO-related projects may also require pre-project funding due to pre-implementation community organizing activities they undertake.

19. IBRD loans and IDA credits are made to member governments, which then pass these funds on to public or private implementing agencies like NGOs. Government fund disbursing agencies usually lack extensive experience working with NGOs, and tend to assume that NGOs can be incorporated in their operations by following a "business as usual" approach. The Bank encourages government agencies to develop transparent, objective, and efficient financial disbursement and grant processing procedures.

20. The funding mechanisms the Bank uses to channel funds to NGOs in Asia are: contracting NGOs as consultants, disbursing funds through centralized and decentralized mechanisms, building upon existing institutions, requesting other donors to co-finance or parallel finance NGO activities, and directly funding NGO-related policy work.

21. How to use Bank accounting procedures to work with NGOs? It is advisable that an agreement on mutually acceptable procedures, based on Operational Directive 14.70, should be reached by the Bank Regional Accounting Advisor and his NGO counterpart before the NGO becomes formally involved with the Bank-supported project. The degree of information revealed by the NGO must meet the requirement of public scrutiny without compromising on the independence of the NGO.

22. How to use Bank evaluation procedures to work with NGOs? The Bank plays an important role in applying pressure for performance on NGOs by developing and applying relevant monitoring and evaluation systems to NGO-components of Bank-supported projects. These monitoring and evaluation techniques attempt to integrate quantitative and qualitative methodologies, and institutionalize these methodologies in NGOs, especially in those NGOs with whom the Bank is involved in a long-term relationship.

Non-Governmental Organizations and World Bank-Supported
Projects in Asia - Lessons Learned

Introduction

The main objective of this study is to assist Asia Region Management and staff to contribute to future cooperation between the World Bank and Non-Government Organizations (NGOs) by drawing lessons from past experiences and analyzing current status. Specifically, 39 Bank-supported projects, in 12 sectors, in 8 Asian countries which have had or are having significant NGO involvement are examined. The purpose of reviewing these projects is to determine (apropos of the NGO component) what happened, why it happened and what, if any, lessons may be learned.

The analysis is presented in a sequence of answers to logical questions. These questions are further sub-divided into two sets.

The first set of questions relates to the efficacy of utilizing NGOs in development. These questions are:

1. Why is it necessary to consider NGOs?
2. Why is it necessary but not sufficient to consider NGOs?

The second set of questions discusses "how to" issues focusing on impediments to and means of strengthening the participation of NGOs in the process of socioeconomic change. These nuts-and-bolts issues constitute an "entity" continuum from "single-entity" issues to "multiple-entity" issues to "intra-entity" issues.

First, "single-entity" issues focusing on NGO-centered themes are studied. The questions scrutinized in this sub-set are:

3. How to categorize NGOs?
4. How to select and identify intermediary NGOs?

Second, "multiple-entity" issues associated with the trilateral relationship between NGOs, the government, and the Bank, are investigated. The questions pertinent to this sub-set are:

5. How to facilitate Government-NGO relations?
6. How to facilitate NGO-Bank relations?

Third, "intra-entity" issues relating to Bank procedures concerning NGOs are examined. The questions discussed in this sub-set are:

7. How to use Bank funding procedures to work with NGOs?
8. How to use Bank accounting procedures to work with NGOs?
9. How to use Bank evaluation procedures to work with NGOs?

It must be emphatically stated that there are no "right" answers to these questions. (In fact, there may be no "right" questions.) Employing a question-answer format, this study attempts to identify contrasting approaches the Bank has taken vis-a-vis NGO-related issues.

CHAPTER 1: WHY NGOs?

NGOs are one (but not the only) viable institutional mechanism which may be utilized by the Bank to promote socioeconomic change in Asia, since NGOs have made significant contributions to Bank-supported efforts, in 12 sectors, in all stages of the project cycle, throughout Asia.

Question 1: Why is it necessary to consider NGOs?

1. Contributions of NGOs: NGOs are institutions in neither the public nor the private sectors whose goals are primarily value-driven (humanitarian or cooperative) rather than profit-driven (commercial). Until recently, development-oriented NGOs have figured centrally neither in the mainstream theory nor the practice of development. This neglect is surprising when NGO contributions to the process of socioeconomic change are taken into account. NGOs have contributed to development by:

- (a) Innovating: NGOs contribute to both the theory and practice of development by identifying issues, promoting initiatives, experimenting and testing new approaches, and initiating policy change by creating awareness and building a new consensus.

Important nascent development concerns are often best explored by NGOs. Such issues are not yet ripe for fitting into a program and being administered in a structured manner by governments or large private enterprises. Governments have to be concerned with consensus; therefore, they find it difficult to explore directly new issues that have not reached a minimal level of social import. These issues are "gray zones", or unexplored areas of social concern. NGOs enjoy higher levels of flexibility and freedom to experiment with "gray zones" because of their "special" position within society, as NGOs answer only to those (popular) sectors to whom they are committed.

- (b) Targeting: NGOs usually choose as their "target groups" those sectors of the population known as the "marginalized". The "marginalized" have few basic resources or infrastructure and are often located in barely accessible places, where government programs are limited, do not exist, or are ineffective. NGOs are able to target "marginalized" constituencies since their criteria for choosing their intended constituency are rather particularistic and do not necessarily have to conform to the universalistic criteria of "good for everybody" adhered to by government agencies.
- (c) Organizing: NGOs often induce disadvantaged people to purposively organize structures of group action for self-reliance and self-development. These groups are potentially useful for augmenting institutional development efforts designed to serve the needs of the "poorest of the poor". In the development process, these organizations of marginalized people serve to provide opportunities for beneficiary participation, facilitate planning and goal setting, increase resource mobilization, enhance resource management, influence external actors, maintain group solidarity, reduce risks, allow for economies of scale, and insure members against personal tragedy.
- (d) Facilitating Participation: Within their projects, many NGOs attempt to create practical schools of democracy by promoting participatory practices at local levels. This implies taking into account local needs, local knowledge, local resources, local leadership, local status, local communication systems, and local religion by working through organizations of marginalized groups. A recent study concludes that the organization of marginalized groups correlates fairly strongly with participation variables:

distribution of decision power, resource contribution, commitment, ownership, and capacity.

But beneficiary participation in development projects is not an end in itself. According to a 1987 Bank study, "participation" is a process for achieving development which is effective, efficient, equitable, empowering, and sustainable. A 1985 report from Operations Evaluations Department of the Bank explicitly links beneficiary participation and project sustainability. In the report, 25 projects are evaluated 5 to 10 years after project completion. 12 of the 25 achieved some measure of long-term sustainability, while 13 did not. The report finds that a major influence on sustainability is the presence of grassroots organizations.

Similarly, in 68 Bank-supported development projects which took into account sociocultural variables like local needs, local knowledge, and local organizations, the economic rate of return was twice as high as that of socially insensitive projects. This indicates that paying attention to issues of beneficiary participation does pay off in economic terms.

These Bank studies demonstrate the importance of participation to project efficiency and viability. NGOs are one institutional mechanism (means) for promoting beneficiary participation. By working through and investing in organizations of disadvantaged peoples, they often contribute to efficient, effective, equitable, and sustainable development (end).

- (e) Delivering Services: Official donors have turned to NGOs out of "pragmatic considerations", seeing them often as "more efficient conduits of development inputs than the often discredited official agencies". The small size and manageability of NGOs, their freedom from bureaucratic process and delay, and the social commitment of their members often result in committed and effective delivery operations. Moreover, NGOs tend to have low administrative and operating costs, due to an ability to mobilize volunteer labor and tendency to use low cost technologies which result in cost-effective delivery.

To sum up, NGOs, which have until recently been ignored both in the mainstream theory and practice of development, may make valuable contributions to the process of socioeconomic change in developing countries. NGOs are not an end unto themselves, but rather a means to innovation; to target marginalized people organize these marginalized people into purposive groups, and facilitate the participation of these groups in their own development. The targeting, organization, and participation of marginalized groups may be demonstrably linked to efficient, effective, equitable, and sustainable development. Finally, NGOs are a means to effective and cost-effective delivery of services.

2. Sector-Specific Contributions of NGOs: NGOs have contributed to Bank-supported projects in many different sectors. The 39 Bank-supported projects analyzed in this study are distributed across 12 different sectors. The sector-specific distribution of these 39 projects is presented in Annex 1. NGO contributions have been most significant in Population, Health, and Nutrition; Irrigation and Resettlement; Urban Development and Water Supply; Agricultural Productivity and Credit; Environment; Common Resource Management; and Micro-Enterprises.

3. Project Cycle-Specific Contributions of NGOs: NGOs may play an important role in all phases of the project cycle (identification and design, implementation, and monitoring and evaluation). Analysis from the other Regions suggests that the Bank generally tends not to involve NGOs upstream in identifying and designing projects. But this analysis reveals that this is not so for these 39 projects in Asia.

In more than 50 percent of the 39 Bank-supported projects included in the present study, NGOs were involved in the identification and design stage of the project. While the record of the Bank is far from perfect in this context, analysis of these 39 projects suggests that, in the Asia Region, the Bank has increasingly been giving attention to involving NGOs upstream in identifying and designing NGO-related projects, and has not been (mis)using NGOs merely as "tools to implement projects". Selective examples are presented to highlight the fact that the Bank has been utilizing NGO expertise in identifying and designing Bank-supported projects.

For example, WALHI, the environmental apex organization, used its extensive knowledge of environmental issues in Indonesia to help the Bank identify 10 endangered national parks.

Similarly, MYRADA, an Indian NGO which was contracted by the Karnataka state government, used its knowledge of local conditions to contribute to the design of a socioculturally sensitive resettlement scheme of the Upper Krishna II Irrigation Project. MYRADA started with a sound social survey of the affected population and its needs, assessed the potential for relocation, and prepared a much acclaimed resettlement plan, in cooperation with government agencies.

Similarly, the Bank had strong help from the World Wide Fund for Nature Malaysia in the final preparation of the environmental management plan, covering wildlife preservation and preparation of a conservation strategy for the country, under the Subah Settlement and Environmental Management Project.

In the Philippines Health Development Project, which is presently underway, the intention is to harness the complementarities of NGOs and Government in community organization and service delivery to bring about a health system more responsive to demand and felt needs than was offered by the largely supply-oriented health system of the past. The project was based partly on the innovative work of a pioneering NGO in one province, and in as many as 3 of the 4 provinces included in the project a large number (varying from 12 to 26) of NGOs are now involved in the planning phase at the provincial level.

The process of involving NGOs in project design has accelerated due to the stipulation laid down in the Environmental Assessment Operational Directive for local consultation while designing environmentally sensitive projects.

This trend for involving NGOs in designing projects seems to have gathered sufficient momentum in the Asia Region to encourage task managers to experiment with innovative ideas. For example, an interesting strategy for utilizing NGOs in designing projects is envisaged in the proposed Women, Rural Administration and Poverty (WRAP) Project in India. About nine NGOs which meet certain criteria of the Bank will be selected by PRADAN (an intermediary NGO) to participate in a workshop orchestrated by PRADAN. These NGOs will document the "what and how" of their development efforts to reach the poor. These innovative mechanisms which stimulate the demands of the poor and enable the poor to articulate these demands will be adapted and used to design the WRAP project.

Thus, NGOs have been important and useful sources of information and input at the identification and design stage of Bank-supported projects in Asia.

A more appropriate criticism of Bank-supported projects in Asia would be that involvement of NGOs downstream in the project cycle, i.e. in monitoring and evaluation of projects, has been insignificant. Thus far, whenever NGOs have contributed to monitoring and evaluation of projects in Asia they seem to have been involved in a reactive rather than a pro-active sense. These NGOs have contributed to Bank-supported projects by involving

and self-advertising themselves rather than being asked up front by the Bank to monitor and evaluate projects. For example, several NGOs involved themselves in the Sardar Sarovar Project in India by critically evaluating the Gujarat Resettlement Scheme.

The Bank needs to move in the direction of pro-actively involving NGOs in monitoring and evaluation of projects in Asia. The proverbial first step in the right direction was taken when two NGO-Bank Committee (India) members were recently contracted to evaluate the Population VII Project.

To sum up, while in a number of cases in Asia, the Bank is tapping the potential of NGOs to contribute upstream to identify, design, and implement Bank-supported projects, the potential of NGOs to contribute downstream to monitor and evaluate Bank-supported projects is an important but underutilized development resource.

Question 2: Why is it necessary but not sufficient to consider NGOs?

Although the first section built up the advantages of working with NGOs, it must be stressed that NGOs are just one of the many institutional mechanisms which may be utilized by the Bank in its work against poverty. Market mechanisms, government line agencies, local government units, etc, are others. There is a need for a case by case comparative assessment of alternative institutional mechanisms before the Bank staff buys into the rhetoric in support of NGO involvement. The rhetoric of NGO superiority is clearly not always true in the areas of participatory development, delivering cost-effective service, mobilizing hard to reach communities, etc.

Certain government line agencies in Asia serve as role models for facilitating participatory development and delivering services to marginalized populations. A case in point is that of the National Irrigation Administration (NIA), Philippines. The participatory programs of NIA demonstrate that even large government programs can be implemented in ways that empower local people to take active roles in their own development. Similarly, the bureaucracy in Bangladesh was a powerful force in the original small-scale Comilla Project, and it remained so in the early stages when this model was replicated. In 1977, in a community-based Reforestation Project in Nepal, the bureaucracy followed traditional procedures, exercising its control function in banning exports, devising project schemes in furtherance of national policies in light of local needs, and integrating the activities of other agencies whose support of village development was required. A lesser known case is that of the Canara Bank, a nationalized Indian Bank which has successfully supplied credit and related services to disadvantaged people in several states in India.

Further, the significant role played by local governmental and semi-governmental institutions in promoting grassroots development, like the role of the "panchayats" in Karnataka and West Bengal, the "barangay" councils in the Philippines, and the "saemaul" units in Korea, cannot be overlooked. In general, such institutions seem to be more prevalent and effective in Asia than in other regions of the developing world.

Therefore, a seemingly trite but nevertheless important recommendation to the Task Manager is to consider the inclusion of the best institution in the project regardless of the sector to which it belongs: private, public or NGO. For example, the Bank is attempting a comparative assessment of alternative institutional mechanisms in the Indian Integrated Watershed Project, in order to select the best available alternative. A NGO - Development Alternatives- has been contracted in the design stage to evaluate whether the "panchayats" or grassroots NGOs are better suited to organize marginalized groups, act as intermediaries, and train farmers in various districts of four states in India.

Having indicated the need for comparative assessment of institutional alternatives to combat poverty, this section will further explore two related issues in this context: Why should a comparative assessment of institutional alternatives be made? How should it be made?

1. Why should a comparative assessment of institutional alternatives be made?

The reasons for stressing comparative assessment of alternative institutional mechanisms for combating poverty are the following:

- (a) Disadvantages of NGOs: The first reason for stressing the need for a comparative assessment of various institutional mechanisms is that NGOs have certain disadvantages, which may significantly reduce their "net" advantages. In fact, the strengths for which NGOs are acclaimed can also be serious weaknesses. For example, "small scale" can merely mean "insignificant", "politically independent" can mean "powerless" or "disconnected", "low cost" can mean "under-financed" or "poor quality", and "innovative" can mean "temporary" or "unsustainable".

It is suggested that Task Managers be aware of the potential disadvantages of NGOs. Many NGOs seem to have limited ability to develop grassroots organizations that are able to sustain themselves once the NGO withdraws its special staff and resources; they usually have limited funding as well as limited managerial and technical expertise; their activities may be too small and localized to have regional or national impact; they often ignore the larger context in which they operate, focusing only on the micro-level and failing to recognize the extent to which the communities they serve are parts of systems strongly influenced by other agencies or forces; their advocacy role often injects a sense of antagonism in their relations with the government; they may be hostile not only to governments, but to one another, and their isolationist tendencies limit inter-NGO collaboration and sharing of experiences which result in wildgoose chases, strategic errors, and attempts to reinvent the wheel.

Some NGOs claim to help poor people change their situation through participation, democracy, and self-help and yet they themselves are non-participatory, non-democratic, and entirely dependent on outside help for their survival. Evidence is also emerging that many NGO-sponsored projects do not reach the poorest sectors in developing countries, but concentrate (as do nearly all official programs) on those easier to assist (and of lower risk) who have some minimum of land, education, and capital. In addition, grassroots participants (especially women) are often not involved in the planning and design of projects, and frequently have little effective input into the decision making process of NGOs that claim to represent them.

- (b) Complementarity between Institutional Alternatives: Further, comparative assessment is task specific. In one component of the project NGOs may have an advantage and in another the local government may be the best choice. This should be assessed well in advance so that there is an interplay of institutions - public, private, and voluntary - in order to assist the poor to achieve what they consider to be a better life. Thus, division of labor based on the criterion of task specific comparative assessment builds on the complementarity of several institutional mechanisms.

In the Shrimp Culture Project in Bangladesh, for example, the NGO personnel and the PIU extension personnel each perform their essential missions in cooperation with the other. The Extension Service has good technical skills, while the NGO personnel concentrate on social work, organizing and motivating farmers and maintaining the dynamic which helps keep the Extension Service effective. Both types of work need to be done and the

coordination exhibited by both groups (in performing tasks in which each has a comparative advantage) creates an effective symbiotic effect.

Similarly, the effectiveness of division of labor between alternative institutional mechanisms according to task specific comparative advantage is demonstrated in the Indonesian Irrigation Sub-Sector Project. LP3ES, an intermediary NGO, was hired as a consultant to train government irrigation inspectors ("juru pengirans") to become community organizers. These government inspectors, in turn, organized farmers into water user associations. The success of these water user associations is amply demonstrated by the fact the 7000 hectares of irrigated land has been handed over to them. Thus, not only is there successful division of labor but skills are also passed from one type of NGO (intermediary) to "juru pengirans" (government line agency staff) to another type of NGO (grassroots organizations).

The Philippines Health Development Project is also geared towards the evolution of such cooperation between the Department of Health units, local government units, and NGOs at the provincial level. This project builds on the complementarities of each kind of institution - service provision and finance from central through local health unit; education and motivation by the NGO in the community; resource mobilization and ancillary public works by local government. (SAR, May 25, 1989, p.25)

- (c) Competition between Institutional Alternatives: This strategy of division of labor based on comparative assessment of multiple institutional mechanisms builds on elements of competition as well. First, it breaks the monopoly power of any single institutional mechanism. In addition to avoiding the risks and breaking the power of monopoly, a plurality of organizations also introduces competition and the added incentives that comes with it. In Korea, for example, church-sponsored groups succeeded in their mission of providing rural credit to independent village-level unions, only to encounter competition from the government because of their success. The government responded by setting up rival sources of credit, called "Village Money Boxes," under the semi-governmental "saemaul undong". The government groups competed for membership with NGOs, offering lower interest rates and providing special institutional support to members. By adopting devolved and participatory styles of programming, the "saemaul" was able to introduce major benefits to the rural population without undermining the citizens' ability to participate in making important local decisions.

Moreover, if several organizations are operating in the same environment, a comparative judgment of relative quality is fairly easy to make. Competition thus provides consumers and suppliers with an efficient source of information. Finally, when the poor are given a choice among the organizations that serve them, they are empowered. Rather than having to endure indignities and inefficiencies, they can "exit" the offending organization and "enter" another one.

- (d) Lack of Institutional Alternatives: Another reason for stressing the need for comparative assessment is to evaluate whether any institutional mechanism reaches the "poorest of the poor". Some NGO evaluators cast doubt on the extent to which even NGOs can reach this group. In such a situation, the institutional mechanism which has the best chance of reaching the bottom 20% of the population should be strengthened.

In Indonesia, for example, the LKMD and PKK (NGOs) are weakest in relatively remote areas where they are needed most, but official services may be even less present in remote areas. Further, official services are less responsive to local needs in remote areas than the LKMD and PKK, whose officers are local people. A Bank-financed study, for example, of KUDs,

government cooperative units in Indonesia, indicates that most KUDs are dominated by relatively well-off people who use the monopolies that Government of Indonesia has granted KUDs for private profit. Thus, a concentrated effort is needed to strengthen the LKMD and PKK (NGOs) in low income areas to assist them in contributing to making the "very poor", a little less poor.

- (e) Institutional Development vs Process Enhancement: A final reason for focusing on comparative assessment of institutional alternatives is that such an assessment may pinpoint the common underlying thread running through these varied institutional alternatives. NGOs, government line agencies, and local governments all seem to use similar processes when they successfully facilitate grassroots development.

Simply stated, a comparative assessment may help redirect the focus of policy makers away from NGO studies or local government studies, towards studies which emphasize enhancement of participatory processes which work to empower and enrich the poor.

2. How should a comparative assessment of institutional alternatives be made?

- (a) Comparative advantage should be assessed ex-ante, during sector review, identification, and design stages of the Bank's work, in the field, not merely at the appraisal stage through a desk-top study.
- (b) Comparative advantage should be assessed relative to the needs of the beneficiary community. Therefore, intended beneficiaries, especially the poorest should be asked, what their needs are and only then should it be evaluated which mechanism would better serve these needs: NGOs, government line agencies, or local government units.

The "lodging strategy" used by the Central Visayas Regional Project (CVRP) community organizer in the Philippines is a good example of "listening to the people" about which institutional mechanism serves them best and in which particular context. By living in the community for six months the community organizer can evaluate whether the "barangay" council is an adequate mechanism for fulfilling the needs of the "poorest of the poor" within a particular community or whether the extremely poor people need to be organized into separate grassroots organizations.

To sum up, a favorite term in the NGO community is "alternative". NGO rhetoric often assumes that NGOs are the "best" alternative. Task Managers need to continually question this assumption by comparatively assessing available institutional alternatives to combat poverty, irrespective of the sector to which they belong. This should be a exante, demand-driven, and field-level assessment. The alternative assumption on which this assessment should be based is that NGOs are one (but not the only) viable institutional mechanism which may be utilized in the process of socioeconomic change.

CHAPTER 2: NGO-RELATED "HOW TO" ISSUES

Chapter 1 concludes that NGOs are one of the important institutional alternatives which may be utilized by the Bank in Asia. Chapter 2 will discuss "how to" issues focusing on impediments to and means for strengthening the participation of NGOs in processes of socioeconomic change which the Bank is supporting in Asia.

These key issues will be organized along an "entity" continuum. First, "single-entity" issues dealing with NGO-centered themes will be analyzed. Second, "multiple-entity" issues associated with the relationships between three central entities, namely, NGOs, developing country governments, and the Bank, will be examined. Finally, "intra-entity" issues relating to the procedures of the Bank concerning NGOs will be discussed.

A. SINGLE-ENTITY ISSUES: NGO-CENTERED

Question 3: How to categorize NGOs?

This section will focus on the crucial roles played by indigenous NGOs, as opposed to international NGOs, in their operational collaboration with the Bank in Asia. An attempt will be made to spell out a functional topology of indigenous NGOs which may assist the Bank in this operational collaboration.

1. "Indigenous" NGOs: This review of NGO experiences focuses on indigenous NGOs for three reasons. First, indigenous NGOs rightly assert that development in the Third World, from setting the development priorities to implementing projects, is an indigenous responsibility. A founder of a Third World NGO puts it succinctly, "Our friends in the international NGO community seem to have a kind of mental block against accepting this fundamental option: however poor or underdeveloped our countries are and however ill-managed or non-professional our indigenous NGOs are in the South, the burden of responsibility for development is ours and ours alone."

Second, developing country governments more often involve developing country NGOs in Bank-supported projects than NGOs based in industrial countries. Since developing country governments are the primary partners of the Bank and not NGOs, whether international or indigenous, the Bank must respect the prerogative of these governments to choose which type of NGOs they prefer to collaborate with.

And finally, indigenous NGOs are more likely to have better local knowledge and understanding than international NGOs. It is therefore appropriate for the Bank, and this study, to emphasize collaboration with indigenous NGOs.

2. "Types" of Indigenous NGOs: Before embarking on a systematic categorization of indigenous NGOs, a general point apropos of NGO topologies needs to be made. There seems to be an inclination in the Bank to create new topologies each time a study of NGOs is undertaken. Although thinking in terms of "types" may help order a vast universe of NGOs, excessive stress on creating new topologies may be an exercise in reinventing the wheel since there already exist several good topologies of NGOs in Bank documents: Salmen and Eaves; Korten and Brown; and EXITE. The emphasis should be on creatively utilizing existing topologies, not on multiplying them.

An example of creatively employing existing topologies within the Bank to demonstrate how these can compliment each other is that of integrating the EXITE topology with the Salmen and Eaves topology. The EXITE topology, gives the broad categories, while the Salmen and Eaves topology, provides

depth to the broad EXITE categories by breaking them down further. The resultant functional topology of indigenous NGOs is the following:

- (a) Grassroots Organizations: These are defined as groupings of rural and urban dwellers, with some formal structure, directed towards increasing the economic productivity of members as well as facilitating the development of local social and economic infrastructure.

Grassroots organizations are membership organizations in the sense that they are formed to meet the direct and specific needs of their membership. Examples of development-oriented grassroots organizations in Asia include religious groups, kinship groups, ethnic groups, caste groups, cooperatives, age groups, gender groups, friendly societies, village dancing societies, funeral societies, village assemblies, neighborhood associations, water user groups, herders' groups, rotating credit associations, mutual aid societies, and so on.

Some NGO critics argue that direct Bank interaction with grassroots organizations will make them "vulnerable". An official of a reputed international NGO comments, "I have serious reservations about the Bank moving too far toward dealing directly with community-based organizations. Because of the Bank's money and power the relationship would be so unequal that the integrity of the local group could easily be damaged and undermined. I think NGOs should instead encourage participation through intermediary organizations. Such intermediaries could offer a measure of protection both from the government and from the power of the Bank."

Further, these grassroots organizations tend to be small, unstructured, and localized. This limits the ability of international institutions like the Bank to directly interact with grassroots organizations.

- (b) Intermediaries: Regional or national NGOs often serve as a bridge between macro-level developments and grassroots organizations, and are referred to as "intermediaries" (between grassroots organizations and the Bank). Their intermediary character is reinforced by the fact that a majority of their programs are basically for others rather than their own membership.

These "intermediaries" may be further sub-divided into the two functional categories laid out by Salman and Eaves:

- (i) Service-Providers: Service-providers do not merely perform the narrow function of delivering cost-effective services as their name implies. The Bank uses service-provider NGOs to perform a variety of tasks. These tasks include generation of demand for services provided by the project, training of beneficiaries and line agency staff, formation and management of service-delivery institutions, delivery of services, and expansion of services.
- (ii) Demand Generation: A case in point is the Jakarta Sewerage and Sanitation Project where a detailed community development effort was undertaken by the project team in assistance with community-based NGOs. Over a short period of two and a half months (from the commencement of project involvement by NGOs), in three "kelurahan", 8 individual and group toilets were built with more than 350 applicants having taken the first step in making applications for credit. Demand rose substantially because of the active community development process undertaken by NGOs.
- (iii) Training: PKK, an Indonesian national women's association, in the case of the Nutrition Development Project, now organizes

systematic gatherings of village women and children at which mother-and-child health services are provided and health information is disseminated. Swanirvar, an established Bangladeshi NGO, in the case of the Population and Health Project II, allowed its established infrastructure to be used to add on training about health and family planning. By "piggybacking" new services onto this NGO's ongoing program, over 24,000 persons were trained.

The Second Elementary Education Project, in the Philippines, has been recently designed to introduce an innovative non-formal summer preschool program with NGO involvement as a dropout prevention measure in elementary schools selected from the poorest municipalities in six regions of the country. This program will focus on school readiness skills for students entering first grade in the target communities, a creative approach to prevent dropout in elementary schools which is being spearheaded by NGOs in the Philippines. NGOs having experience in similar programs are expected to assist in developing the program structure, content and appropriate materials, and in training teachers. (SAR, p. 17, May 30, 1990).

NGOs have not only contributed to training beneficiaries but also government line agency staff. For example, in the Rural Development II Project, in Bangladesh, three NGOs - BRAC, PROSHIKA, and VERC - were employed under contract to the Bangladesh Rural Development Board to provide training to its staff engaged in the Rural Poor Program.

- (iv) Formation and Management of Institutions: In the Philippines Third Urban Development Project, the Philippines Business for Social Progress, a local NGO, used the traditional concept of "pakiksama" (togetherness) to form mutual guarantee associations for credit, resulting in a model financially viable small scale enterprise project in the country, financing over 450 microenterprises.

The Fifth Population Project in India included a component to provide grants-in-aid to NGOs in Bombay and Madras, not only to establish but also to manage selected health clinics.

- (v) Delivery and Expansion of Services: NGOs, in some cases, have contributed to service-delivery quite literally. The Project Completion Report (PCR) of the Yogyakarta Rural Development Project mentions that one of the reasons the implementation of this project was unsatisfactory in the first two years was because of shortage of vehicles. Being acutely aware of this problem, YIS, an Indonesian NGO, managing a component of the project, provided transport facilities -at no cost to the project- to deliver urgently needed construction materials.

The importance of the role played by NGOs in providing cost-effective service-delivery is recognized by the Bank as efforts are made to work with NGOs to expand these services. The Third Population and Health Project represented a fourteen fold increase of funds (as compared to the Second Project) to Bangladeshi NGOs to expand and intensify service-delivery activities within existing structures or by setting up branch organizations in rural areas.

The PCR of the First Population Project, Korea, hits the nail on the head when it concludes that, "the inclusion of NGOs (in this case Planned Parenthood Federation of Korea) in the project was beneficial, since it permitted not only significant expansion of service availability beyond the government sector but also the testing of new methods of expanding and upgrading services." These new methods included establishing a self-reliant studio to produce family-planning videos for training provincial and local government officials, sponsoring a one-child family club as a support group to

one-child parents, developing materials for youth for educational broadcasting, operating a sex education center, and initiating a workshop for overseas participants.

Thus, service-provider NGOs work with the Bank to translate beneficiary needs and knowledge of local conditions to the Bank and translate project guidelines to the communities; target and organize beneficiaries to take advantage of project benefits; establish and manage delivery institutions; and deliver and expand services.

- (vi) Policy Advocacy Groups: These NGOs bring issues such as the environment, technical knowledge of local conditions, and the rights and concerns of people who are politically and economically disenfranchised to the attention of policy makers. Policy advocacy NGOs are liable to be ignored by the Bank because some staff members regard them as "gadfly organizations that are unconstructively critical with scant regard for the facts".

Actually policy advocacy NGOs may play three interconnected "constructive" roles in Bank-supported projects in Asia: contributing to planning and design; acting as watchdogs during implementation; and providing stimuli to corrective action. A case in point is that of the Gujarat Resettlement Scheme in which policy advocacy NGOs play all three roles. The Gujarat Resettlement Scheme has been redesigned partly due to the initiative and criticisms of certain policy advocacy NGOs regarding allocation of land to eligible oustees, programs to deal with landless and tribals, and the need for a thorough assessment of the environmental aspects of the Sardar-Sarovar dam. Further, some of these policy advocacy groups, like Anand Niketan Ashram of Rangpur; Narmada Vahini Punarvasan Sangathan of Mangrol; and Shramik Vikas Sansthan of Baroda, who were earlier critical of the project, are now assisting the Bank in implementing the redesigned resettlement policy by being actively involved in the Land Purchase Committee, educating tribals about their rights apropos of the scheme, and assisting oustees in resettling.

Another significant case in Asia where the Bank has learned much, in the areas of forced migration and environmental degradation, from the criticisms of policy advocacy NGOs is the Transmigration Project in Indonesia. Similarly, in the Singrauli area of India, the Bank and the Indian government are taking steps to correct environmental problems caused by intensive industrial and energy development (including a Bank-financed power project) after policy advocacy NGOs voiced their concern.

- (c) Apex Organizations: These coordinating bodies are membership organizations that operate at the national level in Asian countries. They perform the function of increasing contact and collaboration among NGOs, providing services to members, improving links with government and external donors, and augmenting resources available to NGOs.

According to one study, the apex organizations which are most effective in Asia are sector-specific coordinating bodies. A case in point is that of WALHI, the Indonesian environmental apex organization. While WALHI has decided that it will not serve as a contractor for Bank-supported projects, it has closely collaborated with the Bank on many other matters, including assisting the Bank in identifying 10 endangered national parks in Indonesia.

In the experience of the Bank even cross-sectoral apex organizations have contributed to its operations in Asia. The Bank has worked closely with ADAB in Bangladesh. AVARD has been a key interlocutor in India. The Bank has on-going dialogue with ANGOC in the Philippines. ADAB, AVARD, and ANGOC are all cross-sectoral apex organizations.

To sum up, this study focuses on indigenous NGOs. Further, using existing categories in the Bank, a functional topology of indigenous NGOs is constructed. The Bank is limited in its capacity to directly deal with grassroots organizations (one type of NGO) and sometimes utilizes intermediary NGOs (another type of NGO) to bridge the gap between grassroots organizations and itself. These intermediary NGOs may be further sub-divided into two functional categories. While service-provider intermediary NGOs are being used extensively by the Bank, policy advocacy intermediary NGOs also make useful contributions to Bank-supported projects. Finally, the role of NGO apex organizations is emphasized.

Question 4: How to identify and select intermediary NGOs?

Identification and selection mechanisms for intermediary NGOs in Asia are important for four reasons. First, there exist such large numbers of intermediary NGOs in some Asian countries that by sheer necessity some kind of selection has to be made to narrow down the options for collaboration. For example, by even conservative estimates there exist at least 12,000 and 16,000 NGOs in India and Philippines, respectively.

Second, selection of NGOs becomes important because some NGOs are created to manipulate the profitable possibilities generated by external funding of NGOs. Therefore, it is imperative for the Bank to be able to distinguish between genuine development NGOs and others.

Third, if the Bank limits its sample of NGOs by choosing to work with only the well-established ones then the Bank may be limiting itself to work with only a handful of like-minded NGOs.

Fourth, sometimes there may not even exist a handful of intermediary NGOs in a particular country or a particular sector. Therefore, it becomes important to have some criteria to select which NGO to work with. For example, a Bank mission to Malaysia for the Non-Formal Education Project discovered that there hardly exist any well-established indigenous intermediary NGOs in Malaysia which are non-ethnic and not closely affiliated with government. Therefore, the mission decided that its two criteria for selecting a relevant NGO from the limited sample would be widespread grassroots presence and some autonomy from the government.

Thus, it is important for the Bank to have strategies for selecting and identifying intermediary NGOs to work with in Asia. Four strategies which are utilized by the Bank in Asia are:

1. Developing NGO Database: Existing NGO database(s) in the Bank are the EXITE database and AS4CO database on NGOs in India with 2500 entries. EXITE also maintains other information services including a collection of some 400 published NGO databases and Bank reports on NGOs in various countries and sectors. These rosters have the following categories of data about NGOs:

- (a) Sector(s) in which the NGO operates and specialization of activities.
- (b) Region (state, district, villages) in which the NGO operates.
- (c) Past history of NGO.
- (d) User-base of NGO/Scale of operations.
- (e) Staffing in terms of managerial and technical skills.
- (f) Linkages with other donors, international NGOs, national NGOs, and apex organizations.
- (g) Financial information.

(h) Relationship with government.

There are three inherent difficulties in maintaining a database. First, for certain countries like India and Philippines, with large numbers of NGOs, it is impossible to compile exhaustive listings of all NGOs. Second, NGO-related information keeps on changing and therefore a NGO database has to be constantly updated. To accomplish regular updating a feedback mechanism needs to be created by which Task Managers and Resident Mission staff constantly feed new information into this database. An attempt to continually feedback information into a central NGO database is an extremely labor-intensive task which may be difficult to institutionalize in the Bank. Third, NGOs may view this Bank effort to obtain information which can be fed into a central database with suspicion. The net result may be alienation of NGOs.

While it is not advisable for the Bank to exclusively rely on any database for identifying and selecting NGOs, these rosters have served the function of a good starting point for staff wishing to gather names and addresses of NGO contacts in particular Asian countries.

2. Networking with NGOs: Informal networking and building of contacts with NGOs by Task Managers, Resident Mission staff, and Country Department staff is extremely important.

The "test of voluntarism", which involves asking the NGO questions such as the following, is an additional category of information (apart from those categories already listed in the sub-section on the database) which may be quite helpful to staff members in establishing the track record of an intermediary NGO:

- (i) Does the organization have a well-defined sense of its mission, and has there been continuity in its basic commitments over the years?
- (ii) Is there evidence that the staff, and especially the leaders, work for the mission primarily because they believe in the mission?
- (iii) Has the staff accepted adverse working conditions, when necessary, to pursue that mission - including working at salaries below the market rate for people of their education, ability and performance?

These types of judgements are subjective and are unlikely to be recorded in any computerized database. Since these tend to be governed by personal experience and passed on by word of mouth, they are more likely to be accumulated through informal networking with NGO contacts.

3. Working through NGO Quasi-Markets: It is suggested that publicity may be given to Bank-supported projects where NGOs have a role to play through NGO quasi-markets, thereby creating a demand for NGO services. Further, NGOs willing to participate in Bank-supported projects may communicate this intention to the Bank through the quasi-market mechanism, thereby providing a supply of NGO services.

The mating of demand and supply could either be accomplished through a government apex organization (eg. CAPART in India) or through a NGO apex organization (eg. ANGOC in the Philippines) or a Bank-NGO Committee or all three. For example, according to one Bank report, much of the Bank information on NGOs in Indonesia comes from the NGO apex organizations for environment (WALHI) and population, health, and community welfare (FISKA).

4. Utilizing NGO Information Systems: A well-established NGO may be contracted to conduct a field-level search to identify NGOs which meet the

relevant criteria for involvement in a particular project. This search may utilize inter-NGO information systems and enable NGOs to identify each other.

A case in point is that of the Integrated Watershed Project in India where Development Alternatives was contracted to identify grassroots NGOs in four states involved in common resource management activities. Similarly, the WRAP Project will use PRADAN (an intermediary NGO) to identify other NGOs working at the grassroots level.

A weakness in this approach is that the lead NGO(s) is likely to identify other NGOs of its own ilk ideologically or in its own networks. The Bank and governments often want to work with a cross-section of NGOs which is broader than existing NGO networks.

Using these four strategies together should be emphasized, since none is perfect by itself and each one reinforces the other. A case in point is the National Sericulture Project in India. The Bank is attempting to channel funds to NGOs through the Central Silk Board to implement sericulture activities, and the project implementing agencies are relying primarily on Department of Social Welfare NGO lists to identify NGOs which are to be assisted. Apart from running the risk of working with GONGOS (government organized - NGOs), the project implementing agencies are also significantly reducing the total population of NGOs they can collaborate with in this project. Scrutinizing the EXITE and AS4CO databases, tapping the information resources of NGO apex organizations (like AVARD) and the Bank-NGO Committee (which has offered to provide a list of at least 20 sericulture NGOs to the Bank), and utilizing the networks of a well-respected sericulture NGO (like Asian Institute of Rural Development, Bangalore) are additional strategies which may be employed by the implementing agencies to identify sericulture NGOs. (Refer to Annex 2 for a detailed account of the National Sericulture Project).

To sum up, the Bank has formulated four well-defined strategies to identify and select intermediary NGOs. These strategies, which have to be employed in a mutually reinforcing manner include developing NGO databases, networking informally with the NGO community, working through NGO demand and supply mechanisms and utilizing inter-NGO information systems.

B. MULTIPLE-ENTITY ISSUES: NGO-GOVERNMENT-BANK RELATIONSHIP

Question 5: How to facilitate Government-NGO relations?

Generalizations about government-NGO relations are complicated by the spectrum of orientations towards government found among NGOs, even within a particular national setting. Differences also exist among governments in both their commitment to pluralism and their ability to enforce their will, resulting in a spectrum of government orientations towards NGOs in Asia.

For example, government legislation coordinating indigenous NGOs in Sri Lanka and the Philippines is minimal. In India, the focus of registration is monitoring of foreign donations to NGOs. In Bangladesh, the government goes further by asking for a review of NGO programs and their approval by a standing committee. In Nepal, a council not only coordinates but helps decide on the priorities and programs of NGOs. In Malaysia, NGOs have been subject to police surveillance and several NGO leaders were arrested at a moment of political tension. Similar differences can be detailed with regard to other critical policies that various Asian governments formulate and implement towards NGOs. Having made this important qualification about the diversity of NGO and government orientations towards each other in Asia, one hard fact needs to be emphatically stated. The Bank has to work with and through the government in any country, whatever its orientation may be towards NGOs.

Therefore, the Bank cannot and should not try to "go around" the government by working independently with NGOs.

The government should be inclined to involve NGOs in the process of development. This inclination to involve NGOs is an important precondition for the Bank to encourage a cautious but willing government to walk faster on the collaborative path it has already chosen. The existence of this precondition in Asian countries has been rightly highlighted in numerous Bank documents.

For example, a recent Bank report indicates the willingness of the Malaysian government to involve NGOs in the Non-Formal Education Sector. This willingness to involve NGOs on the part of the Malaysian government is significant because it signals some relaxation of long-standing mistrust between the government and NGOs in Malaysia. But what is even more critical, and still remains to be tested in the case of Malaysia, is that government commitment to NGO involvement must be sufficient to carry through to implementation of the project, otherwise it may spell doom for the NGO-related project. For example, the NGO component of the Municipal Development and Housing Reconstruction Project in Nepal ran into implementation difficulties due to government reluctance.

Given that the government of a particular country indicates to the Bank that it is willing to support NGO involvement in the long-run, eight strategies employed by the Bank to enhance government-NGO collaboration in Asia are detailed. These are:

1. Using Access to Government: It is suggested that the Bank may "influence" the government in certain key policy areas to make Government-NGO collaboration a highlighted issue. These key issues include government accreditation and evaluation of NGOs; administration of government funds to NGOs; tax and duty exemption for NGOs; regulation of foreign donations to NGOs; provision of incentives for NGO activity like tax incentives that encourage private voluntary financing of NGOs; creation of outreach desks within government line agencies to liaise with NGOs; establishment of clear-cut criteria for using NGOs as subcontractors in implementing Government programs and decentralization to provincial and local levels of government (which makes it easier for local NGOs to negotiate roles appropriate for local situations).

For example, efforts have been recently made by the Bank to provide for the legalization of grassroots groups so they can legitimately manage an activity and eventually have ownership of it. Two projects in FY90, the India Integrated Watershed Development (Plains) and Nepal Bhairawa Lumbini Groundwater Irrigation III have provided for the legalization of irrigation groups. In the India Project, user groups will be legalized through appropriate legal arrangements to enable user management (jointly with local government) of non-arable lands. In the Nepal Project, water user associations would be legalized for deep tubewell operation and maintenance.

The influence the Bank exercises is a double-edged sword, which has to be wielded by the Bank with extreme caution. Governments may clamp down harder on NGOs because the Bank is making an effort to create "space" within which NGOs can operate. In Bangladesh, for example, the Bank tried to overcome government sensitivities regarding NGOs with little success. If anything, the trend in Bangladesh, for a period of time, was in the direction of tightening the control on NGO activities.

2. Undertaking Policy-Oriented Studies: It is advisable to undertake policy development studies as a part of Economic and Sector Work to utilize the budgetary resources available. The focus of such studies should be threefold:

- (a) Building Up Evidence of NGO Success Stories: IDA's evaluation of a number of Bangladeshi NGOs has indicated that the approaches used by them have been significantly rewarding (for example, BRAC and Grameen Bank); this is evidenced by high recovery rates of their credit programs and a significant improvement in the income of their borrowers.

While these facts about BRAC and Grameen Bank should be widely publicized, attention must also be given to expanding the sample of well-documented NGO successes in the Bank. There seems to be an inclination in the Bank to examine and re-examine the same NGO success stories again and again. For example, this reviewer came across at least seven repetitive Bank studies about the Grameen Bank and discovered that at least two more major Grameen studies were under way. Apart from regenerating the same data all over again and duplicating efforts, this tendency to focus on the "chosen few" among NGOs creates an artificial divide in the NGO community among supposed "superstars" and "extras".

- (b) Building Up Evidence of Government-NGO Collaboration: Accumulating this evidence will assist the Bank in spelling out rationales for future Government-NGO collaboration. In Indonesia, for example, the Bank's Poverty Assessment and Strategy Report notes the contributions which community groups have made and urges government to allow more scope for community initiative and participation.
- (c) Operationalizing Measures for Fostering Government-NGO Collaboration: It is critical to keep in mind that good intentions on the part of the Bank staff to foster closer ties between the government and NGOs are necessary but not sufficient. These good intentions have to be backed up by mechanisms which can operationalize these intentions into reality.

A case in point is the Health Sector study in India which focused on patterns for collaboration which would facilitate improvements in both quantity and quality of Government-NGO collaboration in health and family planning. A similar study of municipal institutions, including their relationship with NGOs, is proposed in the Urban Health and Nutrition Project in the Philippines to provide baseline information from which existing institutional relationships will be strengthened as well as new ones created. The Bank reports on Nepal and Indonesia highlighted this issue by including a section on NGOs, with suggestions for Government and NGOs regarding concrete steps to further strengthen NGO impact.

3. Sponsoring Trilateral Forums: Since Bank involvement with NGOs always depends on the concurrence of the government concerned, Bank support for "trilateral" (government-Bank-NGO) meetings has proved to be one of the more fruitful approaches. One example is the Nusa Tenggara Agricultural Support Project in Indonesia which was stimulated in part by a trilateral workshop on "Participation of NGOs in the National Development Process in Indonesia" held in Indonesia, in 1985. The meeting, co-financed by the Ford Foundation and the Bank, was one of the first steps toward a more collaborative relationship between the Indonesian Government and NGOs.

To avoid duplication among NGO and Government efforts in Family Planning and Health, trilateral workshops were organized in the Philippines. A similar workshop was organized by the Bank's Population, Health, and Nutrition unit on "Urban Family Welfare Strategies" in Bangalore, in India.

But, in some situations, when NGOs have reason to be fearful of government, formal or informal meetings between Bank staff and NGOs may be more candid and fruitful than government-Bank-NGO meetings.

4. Sponsoring Workshops to Sensitize Senior Officials: State policy is crucial in determining the character and capacity of grassroots growth.

Therefore, efforts of the Bank to sensitize "those who matter" in formulating and implementing state policy may help create a "space" for NGOs to perform on the national development stage.

The Bank's Economic Development Institute, for example, is planning an International Training Program to strengthen the participation of NGOs in development programs. This is not a training program in the sense of communicating skills. Instead the emphasis will be placed on changing attitudes of senior government officials towards the involvement of NGOs.

5. Using Existing Training Seminars to Sensitize Lower Officials: The Non-Formal Education Project in Malaysia proposes to sensitize local government line agency staff to participatory development paradigms. Sensitizing lower layers of government is essential since local officials directly deal with NGOs in day to day operations. These officials are more likely to be uncooperative with NGOs as they view NGO involvement as usurping their responsibility. The Project Performance Audit Report for the India Dairy Project states that "without (state government's) negative influences, the outcome of Operation Flood and the Bank-assisted project doubtless would have been greater than that actually attained."

6. Encouraging Movement of NGO Staff into Government Line Agencies: This integration of staff was attempted in the Central Visayas Regional Project (CVRP) in order to merge the two teams (government line agencies and NGOs) under a single line of decision making at the local level. Projects which run semi-independently through consulting contracts (for NGOs) may not be regarded as "owned" by the line agencies concerned. This may work strongly against the goals of sustainability and replicability (as government programs). Therefore, movement of NGO staff into government line agencies, as was successfully attempted in the CVRP, injects a sense of "ownership" directly into line agencies.

7. Using "Incentives" to "Buy" Cooperation: Until recently, for example, civil service salary scales in the Philippines were quite low. Consequently, the best government permanent staff quite frequently supplemented their salaries through outside consultancies, membership on committees of organizations which paid honoraria, etc. Travel allowances also became a device for supplementing official pay when extra effort was required of government personnel (even the government departments concerned paid such allowances). The CVRP used such "incentives" to "buy" cooperative effort from line agency staff in NGO-related components.

A problem with this approach is that bolstering the salaries of line agency staff selectively may result in intra- and inter- line agency staff resentment. Also, from the point of view of replicability of the project "buying" cooperation may prove to be an expensive exercise.

8. By Creating NGO Liaison Units: Under the West Bengal Fourth Population Project, the Government of West Bengal created a Voluntary Agency Cell, headed by the Additional Director of Health Services, which is responsible for facilitating, supporting, and coordinating voluntary agency activities in the state. With the establishment of this Cell, it is expected that the role and scope of NGOs in the West Bengal family welfare program will be substantially increased.

To sum up, the primary relationship of the Bank is with governments and not with NGOs. In case a government is willing to work with NGOs, eight strategies have been adapted by the Bank in Asia to facilitate government-NGO relations.

Question 6: How to facilitate NGO-Bank relations?

EXITE's NGO Work-Strategy Discussion Paper (March 8, 1989) stresses that improved collaboration between Government and NGOs is much more important to the effectiveness of the development process than direct NGO-Bank relations. Any steps taken to develop and cement NGO-Bank relations must be taken keeping in mind that these are only possible with the consent of the government.

Having reiterated the importance of the role played by the government in determining the relationship between the Bank and NGOs, nine strategies may be employed by the Bank to strengthen NGO-Bank relations in Asia. These strategies are:

1. Hiring a Local Institutional Development Specialist: Informal networking and building of partnerships with the NGO community by the Resident Mission staff, Country Department staff, and Task Managers have been hitherto undertaken on a case by case basis in Asia. One way of institutionalizing this necessary contact building exercise would be to assign at least one staff member (preferably a local able to serve as a bridge between the Bank and the NGO community) in the Resident Mission the responsibility (and the associated rewards) to network with NGOs, to monitor Government-NGO relations, and to help Task Managers design, implement, and monitor NGO-components of Bank-supported projects.

Apart from hiring a local institutional development specialist, the Bank is also urged to give incentives to other staff to work with NGOs, not replacing but reinforcing commitment. This implies revisions in the budgeting of time and money - as well as the criteria which are brought to bear on staff evaluation. Staff associated with NGO-related assignments should be able to spend more staff hours and have incentives to innovate. These incentives do not necessarily have to be remunerative. Signals and recognition from management would be important steps in the right direction.

2. Targeting Key NGO Individuals: The NGO community in each Asian country is strongly influenced by certain key individuals. The Bank should identify these key individuals and foster close relationships with them. Failure to form these important partnerships may sometimes prove to be costly for the Bank. An easy way to avoid incurring these unnecessary costs may be to compile an inventory of key NGO-related contacts. In fact, EXITE has identified some especially influential NGOs worldwide and is sending them periodic mailings. Asia staff may use and revise the Asian NGO names that are on this list.

3. Establishing and Co-ordinating Bank-NGO Committees: A case in point is that of the Bank-NGO Consultation Committee in India which was created to provide the Bank with a forum for routine discussion with a varied sample of Indian NGO leaders and currently serves three useful functions.

First, regular meetings of the Bank-NGO Committee (India) are held at the New Delhi Office (NDO) once prior to the World Bank-NGO (Global) Full Committee meeting and twice prior to the two Steering Committee meetings. This provides a mechanism for feeding India-specific Bank-related NGO concerns into the Global Committee. Another reason for organizing meetings prior to Global meetings is that the progress of the India Committee is reported to the Global Committee.

Second, several sector-specific meetings have been organized between the Bank staff and NGO members. Selected environmentalist NGOs met with the Senior Vice President (25 October, 1988), population and human resources NGOs met with the Division Chief, Population and Human Resources (25 January, 1989), environmentalist NGOs met with the Director, Environment Department (28 April, 1989), NGOs working in the field of Forestry and Wasteland Development met with the Bank Mission on the subject (13 July, 1989), cross-sectoral NGOs

met with Executive Director, India, just prior to his joining the Bank (20 July, 1989), NGOs working on women issues met with Bank staff dealing with Gender and Poverty issues (24 October, 1989), etc. While these sector-specific consultations lead to a useful exchange of perspectives, some NGOs suggest that institutionalizing a formal follow-up mechanism may provide the necessary "bite" to this exchange.

Third, attempts are being made through the Bank-NGO Committee to organize consultations of the Bank staff with grassroots organizations in the field. A NGO representative organized consultation of a Bank Mission with local people in the Himalayan region. This meeting increased the awareness of local people about the conditionalities of the Bank's Watershed Management Project. The staff of the project implementing agency became more careful as they felt that beneficiaries were monitoring them. In fact, as a follow-up to the visit of the Mission, NGOs organized a training program to assist project implementing agency staff to actively take into account beneficiary needs. This directly resulted in beneficiaries having a "say" in the species being planted under the project. The NDO is urged to inform NGOs in advance about when a Bank Mission is expected to visit India. The timely availability of such basic information provides NGOs on the Committee with the lead-time necessary to organize meetings between the Mission and their local partners in the field.

4. Establishing NGO-Bank Staff Exchange Programs: One way of institutionalizing the relationship between NGOs and the Bank would be to create a limited number of positions in the operational departments of the Bank, which may be permanently filled, but on a rotating basis, by staff from indigenous NGOs. The other aspect of this arrangement would be a process whereby Bank staff could systematically be exposed to a period of work at the grassroots in NGOs, as part of the Young Professionals Program, for example, but also for mid-career staff.

5. Involving NGOs in Policy Formulation: It would be highly desirable if NGOs are involved in the upstream stages of policy formulation, not merely relegated to a role in their execution. Consultation with NGOs on social costs of adjustment policy questions may elicit important insights and develop political support for the adjustment program generally, and especially for its anti-poverty dimensions.

In Nepal, for example, the Bank consulted with several NGOs during the Social Sector Review and sought their view on the suitability of some of the policy reform recommendations. Similarly, in the Education Sector Review in Bangladesh there were extensive consultations with NGOs to investigate opportunities for reaching the extremely poor through NGO sponsored non-formal education. An innovative attempt to involve NGOs upstream in policy formulation was recently tested in the Metropolitan Environmental Improvement Program (MEIP). On a recent MEIP mission to Sri Lanka, a member of the Environment Foundation, an active Sri Lankan NGO, was contracted to accompany Bank staff members in their policy dialogue with senior government officials.

6. Assaying and Disseminating NGO Literature: It may be desirable for the Bank to create a structured dissemination process of NGO literature for its operations and policy formulation staff. For example, in Indonesia, the INGI study on the Kedung Ombo dam documented problems there nearly a year before they became an explosive issue. This 1987 INGI study detailed that a large percentage of the affected 5390 families were refusing to migrate from the 37 villages comprising the project area. Yet not all the Bank staff who were working in areas related to the INGI studies on Bank-supported efforts in nucleus estates, shrimp for export, and the Kedung Ombo dam were aware of these studies.

7. Sponsoring Participatory Pilot Projects: The Bank is limited in its ability to directly deal with grassroots organizations and therefore has to reach them through intermediaries, often NGOs. Given this limitation, it is

still necessary for the Bank to sponsor special pilot projects, in cooperation with intermediary NGOs, to learn how to facilitate the most effective strategies that may be employed by intermediary NGOs to strengthen the participatory nature of grassroots organizations. Required, therefore, in the Bank, is a considerable increase in experimentation, a number of false starts and a willingness to change current practice.

8. Scaling and Multiplying NGO Efforts: NGO critics argue that, unless the Bank is willing to change its current practices determined by the tight constraints on Bank staff-time per dollar of lending, the Bank will continue to have limited ability to initiate the aforementioned micro-level pilot action. In this case, the comparative advantage of the Bank will remain in appraising and financing rather than innovating and implementing at the micro-level. Thus, the direction the Bank chooses to take, in the absence of any dramatic change in its current practices, may be to "buy into a good thing", not necessarily to create it. This would involve:

- (a) identifying and understanding successful small-scale efforts led by NGOs or other institutions;
- (b) scaling up the small efforts to a larger scale; or
- (c) enabling a "thousand flowers to bloom" by supporting replication of successful but small efforts.

It should be stressed that identifying and understanding which NGO effort may be successfully scaled up or multiplied is no mean task. Further, drawing NGOs into the project cycle without co-opting (and hence alienating) them is a delicate task which has to be performed in order to forge "partnership" type working relationship between the Bank and NGOs. This can be done by creating a strong sense of ownership among NGOs about the mechanisms of the project.

The WRAP project proposes that a workshop conducted by a NGO (PRADAN) for other NGOs (selected by PRADAN) would serve as the central device through which actual mechanisms to be used in the project would be designed. It is of utmost importance that the consortium of NGOs will be formed by NGOs themselves (in this case PRADAN). The Bank is correctly limiting its role to that of a catalyst because a Bank attempt to impose an arrangement among NGOs may create divisiveness among those organizations and resentment towards the Bank.

Finally, how the scaling up and multiplication operation of the successful pilot project is conducted is critical because dealing with small, widely dispersed schemes requires scaling down of the Bank's operations. The Bank can learn a great deal about "how to scale down in order to scale up" from the experience of some Asian NGOs. These NGOs successfully demonstrate that it is possible to work effectively with the poor starting at the village level and expanding to the national level. For example, BRAC (a Bangladeshi NGO) has scaled up its oral rehydration training programs to cover 90% of the households in Bangladesh. Similarly, Sarvodaya (a Sri Lankan NGO) has successfully multiplied its community development efforts from a handful of shramdana camps in the 1950s to over 5000 villages in all parts of Sri Lanka, including the ethnic strife stricken North and the East, in the late 1980s.

9. Utilizing Funding, Accounting and Evaluation Procedures: The flexibility of Bank funding, accounting, and evaluation procedures may be utilized to adapt them for Bank collaboration with NGOs. These three procedural points will be discussed as part of the separate sub-chapter dealing with "intra-entity" issues.

C. INTRA-ENTITY ISSUES: NGO-RELATED PROCEDURES OF THE BANK

Question 7: How to use Bank funding procedures to work with NGOs?

This section on Bank funding procedures will be divided into two sub-sections. The first sub-section will deal with funding imperatives and the second sub-section will deal with funding mechanisms.

1. Funding Imperatives: Three points need to be emphasized about Bank funding imperatives concerning NGO-related activity. These are:

- (a) Yardstick to Judge Success: The primary reason for involving NGOs in Bank-supported projects is to work through an alternative institutional mechanism in order to target marginalized sectors of the population and ameliorate their conditions. Thus, the prime yardstick for evaluating NGO-related Bank projects should be the facilitation of the process to alleviate poverty.

A case in point is the Bangladesh Poverty Alleviation Project. The outcome of this project is the subject of considerable debate within the Bank. Some Bank staff believe that the project did not achieve its essential objective as no loan was negotiated and approved. These staff members argue that ultimately the Bank is a "bank" and its primary business is to disburse loans.

Others argue that vis a vis the "development barometer", this project achieved two highly desirable objectives. The two major objectives of the project were to influence the government to deregulate NGOs and to establish a semi-autonomous NGO Foundation. Both goals were accomplished, largely due to the efforts of the Bank staff. Further, these Bank officials argue that for the Bank's vision to be enduring, it would be preferable to ensure that the Foundation's resources for poverty alleviation were self-sustaining and self-replenishing. Thus, they argue that the Bangladesh Project achieved its two major objectives of making the environment for NGO activity less constrained and of establishing a self-sustaining and self-replenishing Foundation.

In fact, several senior staff members in the Bank are of the opinion that the Foundation is going to seek support from the Bank at a later date when it feels that it has built the capacity to absorb a large financial package. The refusal of the Foundation to accept a large loan at the moment of its creation may be seen as a sign of the potential strength of an institution which the Bank help set up. It demonstrates the ability of the Foundation to realistically evaluate the limitations of its own capacity to channel such large amounts of money at this point of time.

- (b) Smaller Loans for Longer Time Periods: There are four reasons for emphasizing disbursements of smaller amounts of money to NGOs. First, NGOs may have a limited capacity to absorb money.

Second, NGOs are extremely cautious about maintaining their independence. The good intentions of the Bank to give them a large loan may be construed by NGOs as an effort to co-opt them.

Third, NGOs may not want to rely exclusively on Bank funds, as it may be difficult for NGOs to sustain activity after the Bank stops providing funds.

Fourth, NGO-related projects or project components are typically very inexpensive, partly because they consist mostly of assistance in organizing communities and partly because the best NGOs are usually interested in developing community self-reliance (as opposed to dependence, which is probably the main source of sustainability of the best NGO projects).

Projects in which the NGO role is central (for example, where sustained [not subsidized] adoption of new practices by households is the central objective) may have difficulty in finding things to disburse large sums against without destroying the very self-reliance which NGOs are supposed to instill.

This may call for some modification of typical Bank project design. For example, in the Philippines Environment and Natural Resource SECAL/HYBRID Project, an attempt is being made to (a) limit the "goodies" which project beneficiaries typically receive; (b) make them non-automatic (for example, not targeted on specific communities, but available for qualified applicant communities, whether or not target sites); and (c) make them the fruit of successful community organization by requiring community contributions of labor and a "qualified" grassroots organization as applicant or guarantor. However, all these innovations make for a lower-cost and slower-disbursing project.

- (c) Pre-Project Funding: In projects where NGOs are involved there is usually the need for pre-implementation community organizing activities. This implies that Bank-supported projects either should recognize that full implementation and disbursement will be delayed by necessity for organization, or should seek pre-project funding (from another agency) for community organizing work during project preparation stage. As there is a country cost to having a Bank loan committed but unused (commitment charges), the latter is preferable.

The Asian Development Bank has used its grant TA funding for such preparation activities, but the World Bank management has so far decided against significant grant funding to NGOs for operational purposes, even when it would help them contribute to regular Bank-supported projects.

To sum up, it may be appropriate for the Bank to consider quantity of loan disbursed as only a minor indicator of the success of NGO-related projects, since these projects emphasize self-financing and self-development and usually require small loans over long periods of time. NGO-related projects may also require pre-project funding due to pre-implementation community organizing activities they undertake.

2. Funding Mechanisms: IBRD loans and IDA credits are made to member governments, which then pass funds on to public or private implementing agencies like NGOs. NGOs may not like this arrangement. Their primary objection is not to receiving funds through government channels but to receiving funds which are subject to normal government procedures, which are often dilatory, inefficient, intrusive, and on occasion expensive. Therefore, channelling Bank funds through government agencies may be acceptable to NGOs, provided that procedures for access to, and utilizing, such funds are transparent, efficient, and objective, the objectives are pre-determined, and the government can be kept out of the day-to-day affairs of NGOs.

For example, a Preliminary Progress Review indicates that in the Philippines Health Development Project collaboration between government line agencies and NGOs is not working out as smoothly as was hoped by the project designers. The momentum of this component has been adversely affected in two provinces by delays in the preparation of proposals for the initial planning phase and in the processing of grants once the proposals have been made (6 months and 5 weeks, respectively). This delay has been attributed to the fact that the good intentions of the project designers to channel Bank funds to NGOs through government agencies were not backed by specific mechanisms to operationalize these intentions. In this case, no clear-cut guidelines were prepared to assist NGOs to make proposals and the process of reviewing proposals at the Department of Health was not streamlined.

Similarly, in the National Sericulture Project in India funds are to be disbursed to support NGO operations in sericulture, but the mechanisms to decentralize the financial structure of the Central Silk Board, to facilitate

the preparation of proposals by NGOs, and to streamline the processing of grants by the State Silk Board Committees have not been worked out. (Refer to Annex 2).

The lesson to be learned from the Philippines Health Development Project and the Indian Sericulture Project is that government project implementing agencies, whether the Philippines Health Department or the Indian Central Silk Board, usually lack extensive experience working with NGOs before the Bank-supported projects, and tend to assume, naturally but incorrectly, that NGOs can be incorporated in their operations by following a "business as usual" approach. Therefore, the nuts-and-bolts of developing the process of channelling Bank funds to NGOs through government agencies need to be adequately appraised by the Bank staff. Keeping in mind the need to develop streamlined funding mechanisms, the following funding mechanisms will be elaborated in this sub-section:

- (a) Funds to NGOs as Consultants: The Bank has channeled funds to NGOs by hiring them as consultants on a contractual basis. The Bank's official co-financing office is committed to arranging trust fund monies to hire developing country NGOs as consultants, and several industrial country trust funds allow the Bank to do so.
- (b) Funds to NGOs through other NGOs: For example, in India, in the Gujarat Water Supply and Sewage Project, the Gujarat Water Board, backed by active support from the Bank, contracted a NGO as a consultant. This NGO contracted 62 other grassroots NGOs to set up latrines in Gujarat. The grassroots groups were given the additional incentive of receiving Rs.100 for every latrine they set up (by the contractor NGO).
- (c) Funds to NGOs through Centralized Institutions: The Bank has attempted to strengthen existing government institutions in order to channel funds to NGOs. A case in point is the WRAP project. The Council of People's Action and Rural Technology (CAPART) is a wing of the Indian Ministry of Rural Development but does not indicate this on its letterhead. CAPART has managed to maintain reasonable legitimacy among the diverse Indian NGO community by keeping the profile of a quasi-NGO and is often called a QUANGO. It disburses funds directly to NGOs for projects related to rural development including programs to organize the poor. The WRAP project intends to make block grants to CAPART which in turn could make smaller grants to regional and local NGOs. This project aims to strengthen CAPART's capacity to perform this task by streamlining CAPART procedures for grant making. Further, an attempt will be made to give CAPART a local presence (not just in Delhi), so that many "pygmy" CAPARTs can directly reach NGOs in their program areas, where one "giant" CAPART is now unable to.
- (d) Funds to NGOs through Decentralized Mechanisms: The Bank has encouraged central governments to establish funds at the local level (district) which can be utilized by government line agencies, local government units, and NGOs depending on their comparative advantage at performing various functions. For example, in the Philippines Health Development Project, a Community Health Development fund is now operational. This is possible in the Philippines because the existing health financial system is already decentralized to the district level. This high level of decentralization provides a base upon which the Bank can build such a fund at the district level in the Philippines.
- (e) Funds to NGOs through External Institutions: The Bank may attempt to set up external (to the government) funding mechanisms. I argue that setting up "new" institutions should be the last option exercised by the Bank. Even where these new institutions work, they

may function because they have been staffed and resourced at the expense of existing ones. Therefore, attempts to establish external funds should be made, not in opposition to existing institutions, but where institutional mechanisms already exist upon which these funds may be firmly built.

For example, a new semi-autonomous social investment fund may be possible in the Philippines because of the political will for such a fund, close relationship between the NGO community and the government, and the existing institutions in place upon which such a fund may be erected.

President Aquino demonstrated political will by publicly asking the Department of Finance to study the feasibility of a Social Transformation Foundation. Further, NGO leaders have joined President Aquino's government in both the traditional government departments, in new commissions, and various task forces set up to suggest and implement developmental reforms. Moreover, there already exist well-functioning semi-autonomous NGO funds in the Philippines which may be merged to form this social investment fund. Since these already existing funds have gathered some momentum, the fund created by merging them will not have to build absorptive capacity to channel large funds from scratch. Finally, there exist decentralized mechanisms which may be utilized for channeling support to NGOs at the provincial level in the Philippines. Similarly, the Bank is considering supporting a fund in the Non-Formal Education Sector in Malaysia, which can be firmly grounded in the existing institutions and political will.

- (f) Funds to NGOs through Other Donors: The Bank has requested other bilateral, like CIDA, or multilateral, like UNDP, donors to make grants directly to NGOs (co-finance or parallel finance NGO activities) because of their emphasis and comparative advantage in this area.
- (g) Funds to NGOs Directly: The Bank does disburse \$400,000 a year, mainly to NGOs, through its External Grants Program, which is administered by EXITE. This program is focused on supporting contributions to development policy debates. It is of limited use for normal operational work, but has funded policy work by indigenous NGOs in Nepal and Thailand for example, upon the recommendations of operational staff. In FY 90, the Bank also made several grants through the Women in Development (WID) Division to institutions working on women-in-development issues, one of which was in Nepal.

To sum up, the funding mechanisms the Bank uses to channel funds to NGOs in Asia are contracting NGOs as consultants, channelling funds through centralized and decentralized mechanisms, building upon existing institutions, requesting other donors to co-finance or parallel finance NGO activities, and directly funding NGO-related policy work.

Question 8: How to use Bank accounting procedures to work with NGOs?

1. Ex-Ante Agreement on NGO Accounting Requirements: Operational Directive 14.70, on cooperation with NGOs, includes advise on appropriate accounting and auditing procedures when NGOs receive funds from Bank-financed projects. In any case, it is advisable that an agreement on mutually acceptable procedures should be reached by the Bank Regional Auditing Advisor and his NGO counterpart before the NGO becomes formally involved with the project. If this agreement is left until the end of the project then it may become extremely difficult for the Bank to verify how funds were used by the NGO.

For example, in the Korean Population Project the NGO kept yearly composite accounts of all its projects, while the Bank wanted to see separate

accounts for the particular Bank-supported project. Since no ex-ante agreement had been reached on how the NGO would keep the accounts it was too late for the Bank to obtain the necessary information.

2. Balancing NGO Accountability and NGO Freedom: NGOs fearing that their autonomy is being threatened may not want to reveal their accounts to the government and therefore to the Bank.

On the other hand, accounting transparency helps to reduce abuses, and the Bank and the government have a right as well as a responsibility to insist on transparency of NGO accounting received from a Bank-financed project.

The degree of information revealed by the NGO should meet the requirement of public scrutiny without compromising on the independence of the NGO. A suggestion in this context would be that the Bank and the government be allowed to examine the accounts for that particular project, but not all the NGO's account.

Maintaining the balance between keeping the NGO accounts transparent and building adequate checks on the power of the government to interfere in the affairs of the NGO is a delicate exercise. The nitty-gritty of this should be agreed upon to the mutual satisfaction of the Bank, government, and NGO at the very outset of the project.

Question 9: How to use Bank evaluation procedures to work with NGOs?

The environment within which NGOs function, especially in Asia, today is relatively resource rich. Private funding agencies as well as the state are keen to finance grassroots NGOs, especially those who are politically non-controversial and whose work is development-oriented. As a result, the survival of NGOs may become delinked from their performance. Further, the poor as the client system for development NGOs are not prone to or in a position to put pressure on NGOs to perform. Given such a context, it is necessary to build surrogate pressures for performance on NGOs not provided by the market.

The Bank has a critical role to play in applying such pressures for performance on NGOs by developing and applying relevant monitoring systems to NGO-related components of Bank-supported projects. There are three critical issues underlying the development and application of NGO evaluation and monitoring systems by the Bank. These are:

1. Integrating Quantitative and Qualitative Methodologies: The Bank tends to have a quantitative bias in its monitoring and evaluation methodologies. Many members of the NGO community believe that there is a limit to the usefulness of assessing the effectiveness of their contributions merely according to quantifiable criteria, since qualitative objectives are equally important -enhancing self-confidence of the poor, increasing their participation in critical decisions that affect their lives, furthering their awareness of wider structural problems underlying poverty, and empowering them to take action to confront these.

Quantitative indicators need to be supplemented by qualitative methods which are collected by conducting field-level studies. Informal self-evaluations by the beneficiaries, dialogue among themselves, and with personnel of indigenous NGOs overseeing the projects are means of providing the numbers which the Bank collects with meaning, representing the perspective of those about whom understanding is sought.

Therefore, qualitative methods should be designed to provide both credible data which can be quantified and the more in-depth explanation of the various and diverse factors, both cultural and otherwise, that explain and

give meaning to the facts. In fact, the issue regarding the incorporation of qualitative along with quantitative learning in the Asia Region is not one of feasibility but rather widespread adoption leading to eventual institutionalization. Several research methods which integrate quantitative and qualitative methods of learning have been used successfully in the Asia Region, including rapid rural appraisal, social feasibility analysis, beneficiary assessment (which has been used in projects in India, Thailand, and the Philippines), and process documentation. For example, the WID unit is currently designing a proposal to do process documentation and impact monitoring of innovative NGO credit programs (several in Asia) using in-depth qualitative data with quantitative indicators about payment rates, loan size, coverage, etc.

2. Time Dimension of Evaluation: Bank-supported projects often take seven to eight years to complete after the loan has been approved. The Bank usually conducts an evaluation six months after project completion (i.e., a PCR). PCRs only make updated projections of future benefits based on trends which can be observed at project completion. Many development practitioners argue that participatory development (the process which NGOs are attempting to implement) is a longer-term process. Components of NGO work like community building, empowering local communities, and non-formal education are usually barely complete by project closing, and any linkages to project economic benefits may have had too little time to show themselves.

For example, in the past, in the Population Sector, NGO activities have been evaluated in terms of numbers of sterilizations and/or acceptors motivated - an approach that NGOs find narrow and restrictive. NGO efforts to mobilize women's groups as a step toward increasing demand for and utilization of family planning services may not "pay off" in terms of new acceptors in the time frame the Bank typically assesses "target achievements". Therefore, an ex-post field-level assessment several years after the PCR is highly desirable.

There is a provision in the Bank for subsequent project audits some years after project completion, but it is used. Such assessments may be possible specially in cases where the Bank is involved with a NGO for a series of projects for a period of 15-20 years.

3. Institutionalizing Self-Evaluation in NGOs: Efforts should be made by the Bank to assist NGOs in their efforts to institutionalize self-evaluation methods like participative review meetings, introduction of planning systems, and demand-oriented response systems.

Institutionalizing self-evaluation methods in NGOs, with whom the Bank is engaged in a long-term relationship, will have a payoff in terms of contributing to the Bank's efforts to monitor and evaluate the efficacy of these NGOs in Bank-supported projects. Finally, if the Bank assists certain NGOs in developing monitoring and evaluation techniques, it may be inclined to pro-actively contract these NGOs to monitor and evaluate Bank-supported projects. Utilizing NGO monitoring and evaluation skills is a critical development resource which must be better deployed by the Bank in Asia.

To sum up, the Bank has an important role to play in applying pressures for performance on NGOs by developing and applying relevant monitoring and evaluation systems to NGO-related components of Bank-supported projects. These monitoring and evaluation systems should attempt to integrate quantitative and qualitative methodologies, and institutionalize these methodologies in NGOs, especially in those NGOs with whom the Bank is involved in a long-term relationship.

Sector-Specific Distribution of 39 Bank-supported Projects in Asia

1. Population, Health and Nutrition: West Bengal Fourth Population Project (India) (Cr.#1623); Population Project V (India) (Cr.#1931); Population Project VII (India) (Cr.#2133, Ln.#3199); Population and Health Project II (Bangladesh) (Cr.#921); Population and Health Project III (Bangladesh) (Cr.#1649); Second Nutrition and Community Health Project (Indonesia) (Ln.#2636); Health Development Project (Philippines) (Ln.#3099); Urban Health and Nutrition Project (Philippines)*; First Population Project (Korea) (Ln.#1774-5).
2. Irrigation and Resettlement: Sardar Sarovar Project (India) (Cr.#1552, Ln.#2497); Upper Krishna II Irrigation Project (India) (Cr.#3030, Ln.#2010); Bhairawa Lumbini Groundwater Irrigation III Project (Nepal) (Cr. 2144); Transmigration Project (Indonesia) (Ln.#2288); Kedung Ombo Multipurpose Dam and Irrigation Project (Indonesia) (Ln.#2543); Irrigation Sub Sector Project (Indonesia) (Ln.#2880); Philippines Communal Irrigation Administration Project (Philippines) (Ln.#2173).
3. Urban Development and Water Supply: Municipal Development and Housing Reconstruction Project (Nepal) (Cr.#1988); Jabotabek Urban Development (Indonesia) (Ln.#2932); Yogyakarta Rural Development (Indonesia) (Cr.#946); Jakarta Sewerage and Sanitation Project (Indonesia) (Ln.#2236); Third Urban Development Project (Philippines) (Ln.#1821).
4. Environment: Metropolitan Environmental Improvement Program (Sri Lanka)*; Sabah Land Settlement and Environmental Project (Malaysia) (Ln.#3039); Philippines Environment and Natural Resource SECAL/HYBRID Project (Philippines)*.
5. Common Resource Management: Watershed Development Project in Hills (India) (Cr.#2100, Ln.#3175); Watershed Development Project in Plains (India) (Cr.#2131, Ln.#3197); Central Visayas Regional Project (Philippines) (Ln.#2360).
6. Agricultural Productivity and Credit: Poverty Alleviation and Rural Employment (Bangladesh)*, Rural Development II (Bangladesh) (Cr.#1384), Nusa Tenggara Agricultural Support Project (Indonesia) (Ln.#2638).
7. Micro Enterprise: Dairy Project (India) (Cr.#1859, Ln.#2893); National Sericulture Project (India) (Cr.#2022, Ln.#3065); Shrimp Culture Project (Bangladesh) (Cr.#1651).

8. Education: Semi-Formal Literacy Project (Malaysia)*; Second Elementary Education Project (Philippines)*.
9. Rural Water Supply and Sanitation: Gujarat Water Supply (India) (Cr.#1280).
10. Women in Development: Women in Rural Administration and Poverty Project (India)*.
11. Forestry: Second Forestry Institutions and Conservation Project (Indonesia) (Ln.#3243).
12. Energy: Second Singrauli Thermal Power Project (India) (Cr.# 1027).

* : Credits and/or Loans have not been approved yet.

Preliminary Review of the NGO-component of the
National Sericulture Project (India)

1. As a part of my project on the role of NGOs in Asia, I visited the New Delhi Office (NDO) of the World Bank, on a privately-financed trip, from September 1 to September 21, 1990. My Terms of Reference for the India trip stated that I discuss with the NDO staff the current status of the NGO-component of the National Sericulture Project, after analyzing pertinent NDO documents.
2. The NGO-component of this project is designed to expand NGO activities in sericulture in five states in India. These sericulture activities are: promoting participation of women, landless, and other underprivileged groups in sericulture, obtaining access to cultivable wasteland for mulberry cultivation, organizing groups to adopt improved equipment for rearing, silk utilization, establishing chawki rearing centers, etc. The Bank will channel funds to NGOs through the Central Silk Board (CSB) to implement these sericulture activities. This is the first Bank-financed Agricultural Project in India where Bank funds are directly supporting NGO activities.
3. The CSB and the states are relying primarily on Department of Social Welfare NGO lists to identify NGOs which are to be assisted in the five states. Some members of the Indian NGO community with whom I spoke argue that apart from running the risk of working with GONGOs (government organized - NGOs), the project agencies are also significantly reducing the total population of NGOs they can collaborate with in sericulture. Scrutinizing the EXITE and AS4CO databases, tapping the information resources of NGO apex organizations (like AVARD) and the Bank-NGO Committee (which has offered to provide a list of at least 20 sericulture NGOs to the Bank), and utilizing the networks of a well-respected sericulture NGO (like Asian Institute of Rural Development, Bangalore) are additional strategies which may be employed by the project agencies to identify sericulture NGOs.
4. Further, although funds are to be channelled through the CSB to NGOs, the mechanisms, to decentralize the financial structure of the CSB, to facilitate the preparation of proposals by NGOs, and to streamline the processing of grants by the State Silk Board Committees, have not been worked out.
5. The reason for emphasizing the need to develop the process of disbursing funds to NGOs through the CSB is that normal government procedures are often dilatory, inefficient, intrusive, and on occasion expensive. NGOs may not only find it difficult but also be reluctant to access these funds unless the procedures for access to, and utilizing, such funds are transparent, efficient, and objective, the objectives are pre-determined, and the CSB can be kept out of the day-to-day affairs of these NGOs.

6. It is advisable for the Bank to encourage the CSB to develop transparent, efficient, and objective financial disbursement and grant processing procedures, otherwise it is possible that existing CSB procedures may further delay the disbursement of funds to NGOs. NGOs will facilitate group formation in the National Sericulture Project. Group formation requires pre-implementation community organizing activities, and pre-implementation community organizing activities usually require pre-project funding. But existing CSB procedures may delay disbursement of funds to NGOs even during the implementation stage, thus severely hampering group formation and its timely impact.

7. The National Sericulture Project also plans to undertake "a pioneering program to evaluate the impact of the project on intended beneficiaries using beneficiary assessment (BA) techniques". The CSB has contracted academic consultants to undertake BA. The NDO staff support CSB's contention that BA is an academically rigorous methodology grounded in Rural Sociology which NGOs are not qualified to undertake. Since this is the first Bank-supported project in India to have a BA component, the NDO staff support the CSB's desire not to "muddy the waters" by introducing new, and perhaps inappropriate, actors into this component.

8. NGOs, on the other hand, argue that while BA may require certain amount of academic rigor, the critical element determining the success of BA is the ability to target the beneficiaries whose opinion is being sought through this exercise. Sericulture NGOs are in close contact with these beneficiaries, especially "marginalized" constituencies like women. Thus, NGOs argue that they should play a central role in taking into account needs and knowledge of the intended beneficiaries (with whom they have a well-established "trust" relationship) so that they can constantly feedback beneficiary concerns into the project.

9. Further, analysis of scholarly literature on BA and similar methodologies reveals that academic rigor should not be over-emphasized. A case in point is the emphasis Robert Chambers lays on the appropriateness of "quick and dirty" evaluation techniques (usually employed by NGOs) as opposed to the "long and clean" techniques (usually employed by Political Economists, Sociologists, and Social Anthropologists) in his widely acclaimed book "Putting the Last First". Similarly, Lawrence Salmen, widely regarded as the "father" of BA in the Bank, argues in "Listen to the People" that the ability to target marginalized sectors of the population and to listen to them (a well-recognized quality of NGOs) is more important than in-depth knowledge of any one discipline.

10. After much urging from the NGO community and pressure from senior Bank staff knowledgeable about NGOs, the CSB appointed MYRADA to be a member of the Steering Committee overseeing BA (but not to be one of the agencies actually conducting BA in the field).

11. To sum up, I have three suggestions for enhancing the NGO-component of the National Sericulture Project. First, NGO databases of the Bank and information networks of NGO apex organizations, the Bank-NGO Committee, and well-established sericulture NGOs may be utilized to identify additional sericulture NGOs. Second, an attempt to streamline the financial disbursement and grant processing procedures of the CSB may reduce delays in channeling funds to NGOs. Assistance to NGOs to formulate "acceptable" proposals for these funds may also prove to be helpful. Third, directly involving NGOs in BA to reinforce the on-going work of academic consultants is advisable for field-level monitoring and evaluation.

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