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World Bank Work with Nongovernmental Organizations

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Nongovernmental organizations provide development projects with motivation, education, and organization. They should be involved earlier in project development. Successful operations depend on well-designed linkages between NGOs and government.

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The report reviews 24 of 202 Bank projects that involved nongovernmental organizations (NGOs) to identify ways to improve Bank-NGO collaboration.

The Bank has involved NGOs far more in implementation (57 percent) than design (11 percent). Service providers and intermediaries (45 percent) and contractor NGOs (35 percent) were involved much more in project work than the other three types.

The report identifies five functional categories of NGO interaction with the Bank along a public-private continuum, based on the varying degrees to which they represent social (common) goals on the public end of the continuum and economic goals on the private end: community associations, policy advocacy groups, service providers and intermediaries, contractors, and cooperatives.

Discussion focuses on the benefits and difficulties arising from the involvement of

NGOs in each category in Bank-supported projects.

The report concludes that Bank staff should better understand NGOs and their involvement in operations. It recommends involving NGOs before implementation, developing creative financing mechanisms to support them, and learning what they have to teach Bank staff about motivation, education, and organization.

NGOs have generally been underused as partner institutions. In most cases, NGOs brought into project work contributed to project success.

The challenge for the Bank is to forge institutional links between governments and NGOs that extend and complement government capabilities. Governments and NGOs must learn to respect each other so they can work toward such mutual goals as poverty alleviation.

This paper is a product of the Public Sector Management and Private Sector Development Division, Country Economics Department. Copies are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Ernestina Madrona, room N9-061, extension 61712 (96 pages with tables).

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EXECUTIVE SUMMARY

The objective of this paper is to draw lessons from a review of a number of Bank projects involving non-governmental organizations (NGOs) so as to assist Bank staff by contributing to both policy and operations for future NGO-related work. The Bank is now making more systematic efforts to develop contacts and operational collaboration with NGOs than ever before. This review seeks to learn from past experience so as to enhance this Bank-NGO collaboration.

The universe of 202 readily-identifiable Bank projects involving NGOs is presented by sector, region, country, type of NGO and form of collaboration. Twenty-four of these projects, representative of this universe, are studied in detail. The universe was based on compilations made in the Bank's NGO liaison office (SPRIE); the 24 projects were assessed in interviews with Bank staff, review of extensive files, reference to outside documents and, in four case studies, discussions with NGOs, beneficiaries and government officials in the field.

This review establishes five functional categories for NGOs along a public-private continuum approximating the degree to which they represent social (common goal) ends on the public side, to economic ends on the private side. These categories, together with salient features, are:

- * community associations - represent the intended beneficiaries more directly than any other NGO type; involvement considered most helpful for project sustainability.

- * policy advocacy groups - indigenous or international, often focused on human rights or environment issues; involvement in project work includes contributions to planning, monitoring and stimulating corrections.

- * service-provider/intermediary - the best known of all NGO types, play various roles: they translate beneficiary needs and knowledge of local condition to the Bank and translate project guidelines to communities; organize beneficiaries to take advantage of project benefits; and provide service delivery.

- * contractors - often lower cost than for profit contractors but may, due to low capitalization, be less prepared for certain financial responsibilities; utilization for specific contracting tasks may deter realization of other more social, innately NGO goals.

- * cooperatives - member owned and operated, function much as private firms yet have equity goals regarding distribution of profits; while attractive as economic entities that reach low income persons, cooperatives vary greatly and need to be viewed in their own context, particularly as relates to sustainability.

The Bank has involved NGOs far more during implementation (57% of the universe) than design (11%). Of the five functional categories, the service provider/intermediary (45%) and contractor (35%) NGOs were generally more involved in project work than were the other types.

Conclusions:

- (a) Bank staff could benefit from a more complete understanding of NGOs, especially in their operational context.
- (b) NGOs have generally been used for ends of borrowing governments or Bank and not as partner institutions with their own unique development purposes. NGOs brought into project work as independent entities made contributions leading to project success.
- (c) The major gap between most NGOs and most developing-country governments must be healed to assist sound lasting development. The challenge for the Bank is to convince governments that NGO-supported projects can extend government capabilities rather than compete with the public sector for donor resources or local power bases. Given the essential continuing role of the public sector in development and the distinct, often vital, role that non-governmental development agencies also play, especially in poverty alleviation work, it is urgent that these two types of institutions gain mutual respect with which to achieve common goals.

BETWEEN PUBLIC AND PRIVATE:
A REVIEW OF NON-GOVERNMENTAL ORGANIZATION INVOLVEMENT
IN WORLD BANK PROJECTS

INTRODUCTION

With growing awareness of the limitations of government has come an increasing recognition of the contribution of non-governmental organizations (NGOs) to development. As World Bank President Barber Conable observed in his address to the Board of Governors of the World Bank in Berlin:

Government policies and public programs play a critical role in poverty alleviation. But governments cannot do everything. Non-government organizations in many developing countries have enormous potential for flexible and effective action. I have encouraged Bank staff to initiate a broadened dialogue with NGOs... I hope and fully expect that this collaboration will continue and flourish.¹

Bank Senior Vice President for Operations, Moeen Qureshi, stressed the importance of Bank-NGO collaboration for "more effective...efforts to eliminate mass poverty" in the keynote address to the 1988 annual conference of the Washington Chapter of the Society for International Development.² Increased interest in NGOs is evident in the work of bilateral and multilateral donors. OECD has recently published Voluntary Aid for Development, a survey of NGO activities: historical trends, types of NGOs,

¹Delivered September 27, 1988.

²Given April 22, 1988.

issues of central interest, and donor-NGO cooperative arrangements.³ In July, 1987, the Asian Development Bank approved a policy paper to enable cooperation with NGOs.⁴ Independent research centers such as the North-South Institute⁵ and the Institute for Development Research⁶ also study the nature of NGOs. NGOs figure prominently in publications like the recent World Development supplement, which was devoted entirely to NGO issues.⁷

Within the Bank, Michael Cernea's Non-governmental Organizations and Local Development was one of the first published attempts to deal systematically with NGOs as development institutions. His recognition that "the essence of the NGO approach is not to induce development financially, but to mobilize people into organized structures of voluntary group action for self-reliance and self-development,"⁸ contributed to subsequent Bank efforts to develop effective partnerships with NGOs.

³OECD, Voluntary Aid for Development: the Role of Non-Governmental Organizations, Paris, 1988.

⁴OECD, p. 100.

⁵Tim Brodhead, Brent Herbert-Copley, Anne-Marie Lambert, Bridges of Hope? Canada Voluntary Agencies in the Third World, Ottawa, Canada: The North-South Institute: 1988.

⁶L. David Brown and David C. Korten, The Role of Voluntary Organizations in Development, Boston, MA: IDR, 1989.

⁷Anne Gordon Drabek, Editor, World Development, Autumn 1987.

⁸Michael Cernea, Non-governmental Organizations and Local Development, (World Bank Discussion Paper No. 40), Washington, D. C.: April 1988, p.7.

In August 1989, the Bank issued an Operational Directive 14.70 on collaboration with NGOs. The purpose of this statement is to set out a framework for involving NGOs in Bank-supported projects. The Directive defines NGOs as being "entirely or largely independent of government, and characterized primarily by humanitarian or cooperative rather than commercial objectives" (p.1). After listing advantages and constraints of working with NGOs, the Directive (p. 3) sets forth various types of collaboration with NGOs organized primarily by phase of the project cycle, as follows:

- * analysis of development issues: Bank staff and governments can learn from NGO assessments of official development programs, especially when NGOs relate concerns of low-income groups. (Adviser)
- * project identification: NGO knowledge of intended beneficiaries and appropriate technology can be tapped. (Adviser) Small NGO programs may become models for large-scale Bank-sponsored projects. (Adviser/Designer)
- * project design: NGOs may work as consultants to the Bank-financed project during planning stages. (Adviser/Designer)
- * project financing: NGOs may co-finance a project, or activities complementary to the project. (Co-financier)
- * project implementation: NGOs may serve as brokers between government and local beneficiaries, organize communities, make project-financed credits available to low-income groups, may be contracted by the Borrower to implement a project component, etc. (Implementor)
- * monitoring and evaluation: As outside observers NGOs can often provide assistance as objective project evaluators. (Evaluator)

The International Economic Relations Division of the Strategic Planning and Review Department (SPRIE) has primary responsibility for

developing Bank's policy toward NGOs. SPRIE also serves as a general liaison between NGOs and the Bank and as Bank Secretariat to the Bank-NGO Committee. The Public Sector Management and Private Sector Development Division of the Country Economics Department (CECPS) resolved in discussions with SPRIE to undertake this review of Bank project experiences with NGOs with a particular focus on the institutional perspective. The objective is to assist Bank staff by contributing to the refinement of policy and the provision of operational guidance for future NGO-related work.

Part I of this review presents the universe of Bank projects with NGO involvement. Part II introduces a typology of NGOs as delineated along a "public-private" continuum. Part III presents issues which arose from analysis of a sample of 24 projects, with information drawn primarily from reviews of the files, interviews with Bank and NGO staff, and for the four case studies, field visits. Part IV discusses experiences with coordinating Bank-borrower-NGO relationships. Part V offers conclusions and policy recommendations.

The definition of NGOs warrants increased attention. Bank staff did not express a consensus as to what defines an NGO. Until 1983, there was no Bank statement which clearly and comprehensively defined NGOs. A review of the literature reveals that the majority of analysts conclude, with Michael Cernea, that "the term itself offers such a broad umbrella for a kaleidoscopic collection of organizations that attempts at simple definitions are quickly

rendered meaningless."⁹ While we concur with the definition quoted above from the Bank's O&S on collaboration with NGOs, we offer this refinement: NGOs are institutions in neither the public nor the private sectors whose goals are primarily value rather than profit-driven.

This definition parallels one line of current thinking on NGOs, which highlights the particular importance of "value-driven" organizations. Such entities can be considered to constitute the "voluntary sector" and distinguished from both the governmental organizations which comprise the public sector and the "profit-driven" organizations of the "private sector." As explained by L. David Brown and David C. Korten:

...The voluntary sector is at base concerned with problems of achieving social and spiritual aspirations of societies and their members...The critical mechanisms involved in that activity are shared values.¹⁰

This value distinction is crucial to appreciating the kind of contribution NGOs may make to development work. The values of those NGOs of interest to development need to be consonant with bettering the opportunities of humanity, particularly the poor, for self-fulfillment.

This paper is concerned with NGOs that work with the Bank, their roles, contributions and limitations. The framework for discussion,

⁹Michael Cernea, p. 9.

¹⁰L. David Brown and David C. Korten, "The Role of Voluntary Organizations in Development," Institute for Development Research, Draft, September 27, 1988.

formulated from a review of operational work, is oriented towards the more pragmatic issues associated with involving NGOs in Bank-sponsored projects.

I. SURVEY OF THE UNIVERSE

This review provides an analytic overview of the 202 Bank projects involving NGOs, classifying them by sector, region, and form of collaboration (see Table 1). The universe of 202 Bank projects involving NGOs was taken from early records of the Bank-NGO liaison office in SPRIE, six progress reports of the Bank-NGO Committee,¹¹ and other referrals made to CECPS during research.

Based on the known universe, Chart 1 indicates the annual variation in number of Bank projects involving NGOs from 1973 to 1988. Of all (3571) IBRD and IDA-supported projects funded during this period, minus adjustment loans (122)¹², 5.6 percent have involved NGOs. With no discernible trends, Bank-NGO collaboration seems to have depended on the work of

¹¹Established in 1982, the Committee is composed of development NGOs and NGO consortia from throughout the world, and senior Bank managers and staff from the four Regional Offices and Policy, Planning, and Research. At its annual meetings, the Committee seeks to a) encourage dialogue between the Bank and NGOs on broad issues of development policy, b) facilitate operational collaboration, and c) promote cooperation in development education (from Meeting of the World Bank-NGO Committee and Recent Progress in Bank-NGO Cooperation, Paper for presentation to World Bank Board of Directors, February 13, 1989, p.2).

¹²Subtracted because NGO work with structural adjustment lending has only just begun. Past Bank-NGO work has been almost entirely project-oriented.

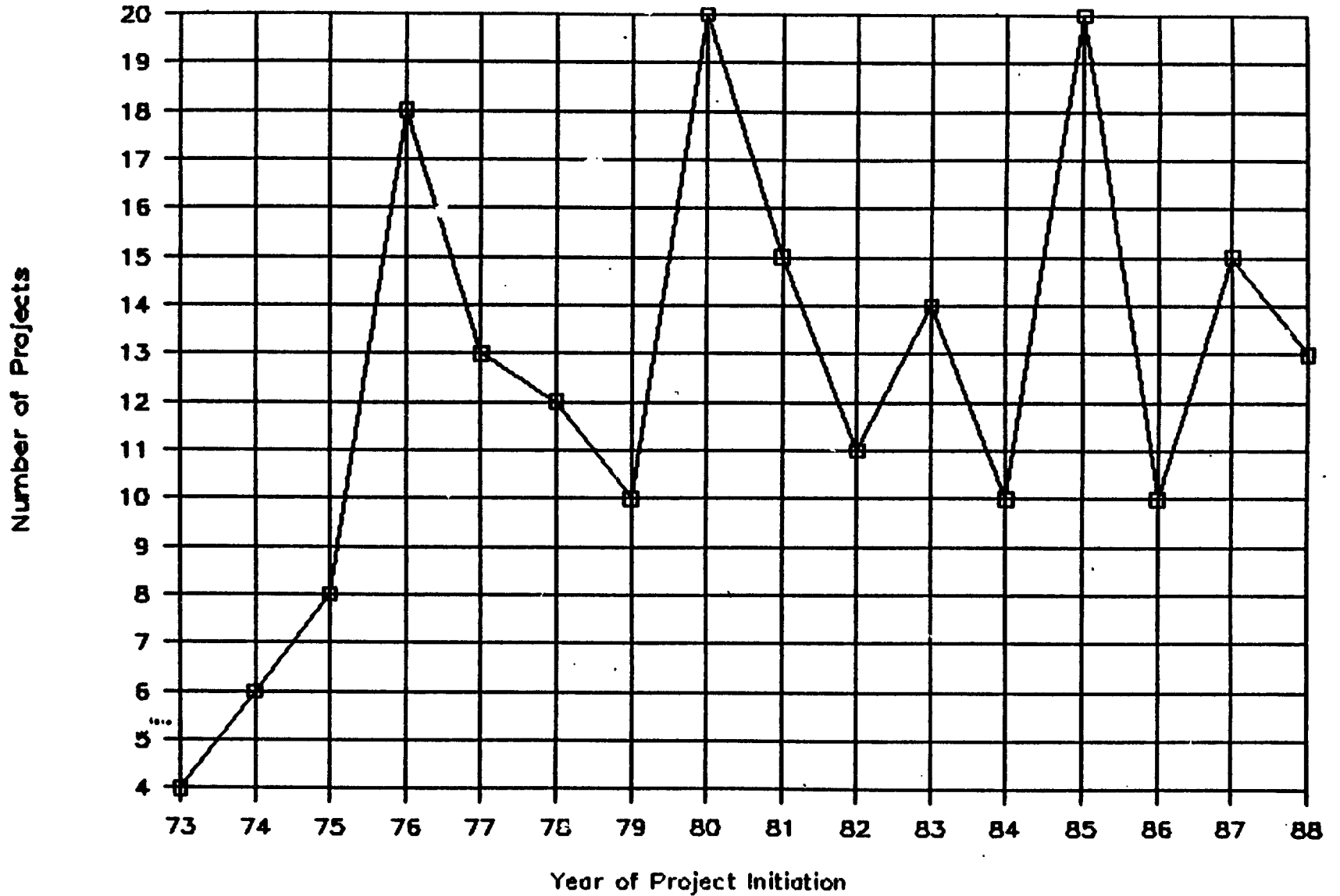
TABLE 1

**TOTAL PROJECTS INVOLVING NGOs
BY SECTOR AND REGION**

SECTOR	REGION				TOTAL	PERCENTAGE
	ASIA	AFRICA	EMENA	LAC		
AGRICULTURE	25	51	6	8	90	45%
EDUCATION/TRAINING	2	18	1	4	20	10%
POPULATION/HEALTH	8	11	2	5	26	13%
INDUSTRY/ENERGY	4	10	4	3	21	10%
INFRA/URBAN DEV.	6	28	2	6	42	21%
RELIEF/COMPENSATION	0	2	0	1	3	1%
TOTAL	45	115	15	27	202	
PERCENTAGE	22%	57%	7%	13%		100%

CHART 1

TOTAL PROJECTS WITH NGO INVOLVEMENT



particularly motivated staff, the winning of an ICB contract by an NGO consulting firm, or personal connections between Bank and NGO staff. However, the 1988 Progress Report on Bank-NGO Cooperation notes a trend of expansion in Bank-NGO relations, as indicated by a sharp increase in the number of projects under preparation in which Bank staff see potential for NGO involvement, and the increasing quality of NGO involvement in some current activities.¹³

Discussions held with over 50 Bank professional staff in the course of this review have revealed a degree of imprecision in this universe. Many projects which had been recorded by the former (pre-reorganization) Bank NGO liaison office as involving NGOs had, in fact, only peripheral association with NGOs. Other projects which had significant involvement were not reported to any central office. There was no assertion in the Bank-NGO liaison office of completeness. Nor was there any requirement for Bank project officers that these collaborative efforts be centrally reported. In addition, there has been widespread confusion on the part of many Bank staff as to what constitutes an NGO. For example, staff who considered community associations to be para-government bodies, or contractor NGOs to be private, profit-generating firms would not have indicated their projects as having NGO involvement. The combined result of non-systematic reporting and the

¹³Meeting of the World Bank-NGO Committee and Recent Progress in Bank-NGO Cooperation, Paper for presentation to World Bank Board of Directors, February 13, 1989, pp. 5-19.

definitional problem has produced a universe of NGO-Bank collaborative projects which is useful, although only approximate.¹⁴

Regional Distribution

NGOs have worked with the Bank in just over half of all countries with Bank-sponsored projects. A breakdown by country (Table 2) shows that five countries held a third of these projects. This includes India (21), Indonesia (12), Zaire (11), Kenya (10), and Cameroon (9). The inclusion in this list of projects in which NGOs have involved themselves (often at their own initiative) as policy advocates reduces the number of projects with formal contractual agreements between borrower and NGO. For example, at least two of the projects in India (Narmada/Sardar Sarovar and Singrauli Power) and one of those in Indonesia (Transmigration) attracted critical international attention generated by advocacy NGOs. Since these NGOs ultimately made an impact on project implementation, and since informal Bank-NGO dialogue on the projects continues, such projects are said to have NGO involvement.

Sectoral Distribution

Nearly half of the 202 projects reviewed were in the agricultural sector. Further analysis revealed that NGOs work to design and implement

¹⁴SPRIE is developing a database on Bank projects involving NGOs and the NGOs with which the Bank has had dealings. It is expected that this will help in systemizing and monitoring NGO involvement in Bank projects.

TABLE 2

BREAKDOWN OF PROJECTS WITH NGO INVOLVEMENT
BY COUNTRY

AFRICA		ASIA		EMENA	
Benin	2	Bangladesh	3	Egypt	5
Burkina Faso	3	India	20	Jordan	1
Burundi	4	Indonesia	13	Morocco	1
Botswana	6	Korea	1	Pakistan	1
Cameroon	9	Malaysia	1	Tunisia	1
CAR	2	Nepal	1	Turkey	3
Chad	2	Philippines	3	YAR	3
Cote d'Ivoire	1	Sri Lanka	1		
Equatorial Guinea	1	Thailand	2	TOTAL	15
Gambia	1				
Ghana	2	TOTAL	45		
Guinea	3				
Kenya	10				
Lesotho	5	LAC			
Liberia	6				
Madagascar	1	Bahamas	1		
Malawi	3	Bolivia	3		
Mali	3	Brazil	6		
Niger	7	Columbia	3		
Nigeria	5	Dominican Republic	2		
Rwanda	4	El Salvador	2		
Sao Tome & Principe	1	Guatemala	1		
Senegal	6	Haiti	4		
Sierra Leone	4	Jamaica	2		
Swaziland	3	Mexico	2		
Tanzania	2	Paraguay	1		
Togo	2				
Uganda	2	TOTAL	27		
Zaire	11				
Zambia	2				
Zimbabwe	2				
TOTAL	115				

low-cost credit schemes in over 30 rural development projects; more than 35 NGOs plan and implement training programs for extension workers, managers, and farmers; some 21 organizations work with the Bank to strengthen agricultural and livestock cooperatives; and eight NGOs assist with the construction and management of irrigation systems.

Many of the projects in the Infrastructure/Urban Development sector involve the construction of homes or community facilities. NGOs prepare sites and services, organize credit schemes to enable individuals to borrow money for homes, build schools and health centers, and train community members in construction, maintenance, and community management. In 16 of the infrastructure projects ORT (World Organization for Rehabilitation through Training) consultants worked with government to improve the construction and maintenance of transportation systems.

Several of the Population/Health projects, such as the Kenya Second Population Project, pioneered introducing preventive health measures, family planning information and education to the population via indigenous and grassroots NGOs.

In the Industry/Energy sector, local and international NGOs have helped small-and medium-scale entrepreneurs by making credit accessible and by training businesses in management/marketing techniques in 14 projects. In several of the power projects, the Washington-based NRECA (National Rural Electrification Cooperative Association) assisted in developing urban and rural power systems. In a very different type of NGO involvement, policy

advocacy NGOs participated in some of the larger projects, including the Itaparica Dam project in Brazil and the Narmada projects in India.

In one third of the 20 Education/Training projects, NGOs have contributed to the planning and construction of schools and centers for adult education. In the other projects, NGOs worked with training components: developing teaching skills, improving curriculum, and organizing literacy and skills courses for adults.

Only three projects involve NGOs in the administration of Relief/Compensation and Poverty Alleviation programs. These projects are mounted to mitigate suffering during a period of structural adjustments intended to overcome national economic and financial crisis. NGOs have effectively reached the rural and urban poor, managing emergency nutrition programs, employment generation programs and village health projects among others. Though compensation/poverty-relief programs of this type presently make up a small percentage of Bank-NGO cooperation overall, the role of the NGOs in this kind of activity is increasing. Both the Bank and NGOs have identified a need to collaborate on structural adjustment lending--not only to alleviate the impact on the poor, but to help design lending strategies that are more likely to better conditions for the low-income strata.

Distribution by Constituency and Project Phase

The Bank to date has broken NGOs down in two ways; one by constituency and the other by phase in the project cycle (see Tables 3 and 4).

TABLE 3

**BANK PROJECTS INVOLVING NGOs
INTERNATIONAL, INDIGENOUS, GRASSROOTS**

REGION	NGOs			TOTALS
	INTERNATIONAL	INDIGENOUS/ INTERMEDIARY	GRASSROOTS	
AFRICA	78	31	20	129
ASIA	15	24	10	49
LAC	0	15	8	23
EMENA	7	5	5	17
TOTAL	104	75	57	236 a\

a\ Projects may involve more than one type of NGO, which explains why the total here is greater than the total number of projects (202).

TABLE 4

**REGIONAL DISTRIBUTION OF BANK PROJECTS
WITH NGO INVOLVEMENT**

By Stage in Project Cycle

PHASE	REGION				TOTAL	PERCENTAGE
	Asia	Africa	EMENA	LAC		
Advisor	16	40	8	9	73	26%
Designer	1	21	0	5	27	11%
Implementer	38	78	12	20	148	67%
Evaluator	0	1	0	0	1	0.4%
Co-Financer	0	8	2	0	10	4%
TOTAL	55	148	22	24	257	100%

NOTE: In many cases, NGOs are instrumental in more than one stage of the project cycle. This explains why the total number exceeds 202.

Categorizing NGOs by constituency--international, indigenous/intermediary, or grassroots--is a generally accepted approach:

- * International NGOs: Organizations typically originating in developed countries with wide-spread activities.
- * Indigenous/Intermediary NGOs: Groups organized at a national or sub-national level, with almost all activities centered in the home country.
- * Grassroots NGOs: Community or village-level, member-run groups working to develop themselves politically and/or economically.

In addition, activity is classified by phase in the project cycle. Though an overview yields a very general summary of activity, some interesting observations emerged from pairing participation by NGO constituency with participation by phase in the project cycle.

- a) Of those NGOs serving in advisory capacities, over three-fourths are international NGOs. "Advisers" include NGOs contracted by the borrower as consultants, as when NRECA consultants work with power companies to improve rural electrification systems. The category also includes groups who advise farmers on cooperative development and market identification. Advocacy NGOs who provide the Bank information are advisers though they are not contracted by the borrower or Bank.
- b) All large-scale co-financiers (those indicated in Table 6) are international NGOs. "Co-financiers" are those NGOs that commit by contract to fund a specific percentage of project costs or a

particular project component (e.g., training for community development workers or heavy machinery for road construction). On a smaller scale, some projects require relatively small financial or in-kind contributions from NGOs receiving grants.

- c) Grassroots organizations are primarily active in the implementation stages. "Implementation" covers a wide range: training, organizing community health or women's groups, building schools, and administering small-scale loans. Grassroots NGOs (e.g., village cooperatives and herdsmen's associations) may be responsible for purchasing veterinary supplies, maintaining an irrigation system, or disseminating health information. In LAC, EMENA and Asia, implementation is more often carried out by indigenous and grassroots organizations than by International NGOs. For example, in Asia, seven projects include one or more international NGOs in implementation while 27 projects involve indigenous and grassroots NGOs. Only three grassroots NGOs were found among the universe of 202 projects to be distinctly active in planning.

II. THE PUBLIC-PRIVATE CONTINUUM

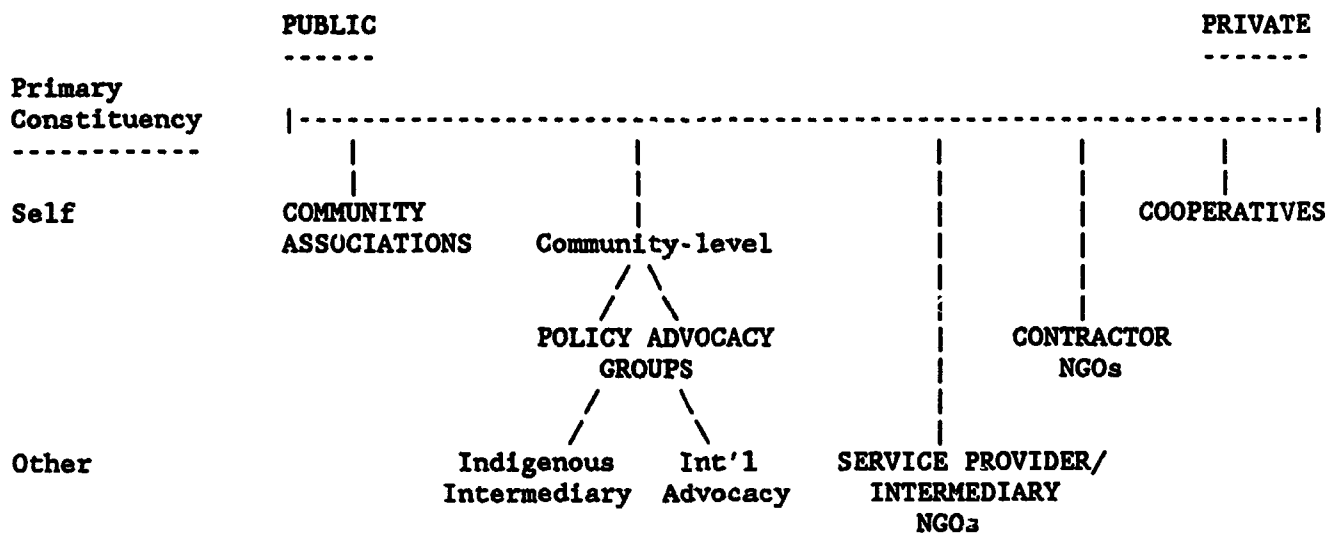
The highly diverse group of development-oriented NGOs fill a void between the public and private sectors, enabling people to participate more fully in both. The public sector is often unable to effectively reach lower-income populations, and the formal private sector has little incentive to involve itself with those who have no resources. NGOs help bridge gaps, for example, by organizing coalitions of disenfranchised individuals to influence the political process, or strengthening their capability to participate in the private and public sectors by providing services in health, education, training, etc.

The prevailing way to look at NGOs has been by constituency or project phase. Another and potentially more useful perspective is to view NGOs according to the function they serve in development work. NGOs are often multi-sectoral, their activities span more than one phase of the project cycle and may extend to influencing policy formation.

No taxonomy will do complete justice to the wide diversity of institutions known as NGOs. The authors see two major means for categorization, one the degree to which the NGOs' activities are included to serve public (common good) vs. private (market-oriented) purposes, and the other the degree to which the NGO is directed towards the interests of its own membership vs. oriented to a constituency beyond itself. The following chart places our five functional NGO types along two continua, public-private (left

to right) and inner vs: other directed (top to bottom). Literal interpretation of this chart will find fault in that many NGOs defy easy categorization; cooperatives may be directed more for public than private goals or community associations devoted more to what would normally be considered private (vegetable gardening, water provision) than public ends (representing community interests with higher government bodies). However, the general placement of categories in this chart, is illustrative of NGOs reviewed. It is offered as a suggestive guide for operational work involving NGOs.

The Public-Private NGO Spectrum



1) Community Associations: These member-run organizations provide information, assistance and leadership for local communities and sometimes help public institutions connect effectively with local needs. They may also represent at the local level special interests such as farmers, small businesses or water users. Community associations are typically formed by persons who recognize that pooling resources enables the community to work on its own development.

2) Policy Advocacy Groups: At local, national, and international levels, these groups are advocates for those who are otherwise politically and economically ineffective. Many emphasize environmental, health and public safety issues. Policy advocacy groups often come into conflict with government officials and often feed into larger political processes. These kinds of NGOs often serve as catalysts for collective action among poor persons in societies unaccustomed to such behavior.

- a) community level: Political action at the community level is akin to that of a political party. Driven by the desire to correct actual (and perceived) injustices, politically active community groups are often anti-government and subject to frequent repression.
- b) indigenous/intermediary: Members of these groups may not be members of the disenfranchised communities themselves. Unions and religious organizations are examples of indigenous NGOs which represent the powerless in fights for policy changes.

- c) international: International advocacy groups try to influence policy changes at national and international levels. Activities are usually centered on specific issues such as the environment, minority rights, women, and child survival.
- 3) Service Provider/Intermediary: These organizations, which can be international or indigenous, may assist people to take advantage of government-sponsored programs, or help donors/government to assess local needs. Through sharing values with both beneficiaries and government, the NGOs may educate to the benefit of both. They may assume service-provider roles, offering health care or education where government services do not reach. They also foster private sector development through credit administration and management/technical training for small-scale enterprises where these are not accessible to low-income people. While these NGOs may run income-generating enterprises to help support their activities, most are not-for-profit. Motivated by neither the security and prestige incentives of government workers nor the profit generation of private enterprises, staff and supporters tend to be drawn to the service provider/intermediary non-governmental organization by an altruistic motivation to create an environment favorable for development.
- 4) Contractors: These NGOs become involved in Bank-sponsored projects as consultants to government agencies or financial institutions working to strengthen institutional capacity, or as contractors designated to construct roads, schools, and other public works. Though these NGOs often have

activities other than contracting, many behave much like private contractors, often competing with private firms. Usually there are some differences: the NGO may be less tied to bottom-line profits, with income from sources other than contracting. This flexibility may manifest itself in a willingness to adapt operations to changing circumstances or to experiment with different approaches. NGO contractors often charge less because of lower overhead. They may be more effective than a private firm in using local labor and resources or in involving the community in planning. Most maintain a not-for-profit status, though consultants are paid market, or close to market, rates for their services.

5) Cooperatives: Defined as "voluntary organizations set up to protect and generate economic benefits for their members," ¹⁵cooperatives are formed when a task cannot be done on an individual level, such as obtaining credit. Cooperatives distribute profit as dividends to members. They are often run on a one vote per person principle. While many cooperatives are, in fact, full-fledged private enterprises, those with which development donors are concerned are generally dependent for an extended period on project-supplied concessional credit, inputs, and management training.

When the universe is viewed through the continuum, the type and extent of NGO involvement is easier to understand and discuss (see Tables 5 and 6). For example, we know that in 45 percent of the 202 projects, one or more service provider/intermediary NGOs played significant roles as

¹⁵Michael Cernea, pp. 13-14.

TABLE 6

**FREQUENCY OF NGO INVOLVEMENT IN BANK PROJECTS BY TYPE
AS DELINEATED BY THE "PUBLIC-PRIVATE" SPECTRUM**

BY REGION

REGION	PUBLIC PRIVATE CONTINUUM				
	COMMUNITY ASSOCIATION	POLICY ADVOCACY	SERVICE PRVDR/ INTERMEDIARY	CONTRACTOR	COOPERATIVE
AFRICA	7	1	52	49	25
ASIA	15	4	17	12	9
LAC	6	5	17	8	3
EMENA	3	0	5	7	4
TOTAL a\	31	10	91	71	41
PERCENTAGE b\	15%(13%)	5%(4%)	45%(37%)	35%(29%)	20%(17%)

a\ Since projects may involve more than one type of NGO, some may be double-counted across columns.

b\ As a percentage of total projects in universe (202)
In (), percentage of table total (244)

TABLE 6

FREQUENCY OF NGO INVOLVEMENT IN BANK PROJECTS BY TYPE
AS DELINEATED BY THE "PUBLIC-PRIVATE" SPECTRUM

BY SECTOR

SECTOR	PUBLIC PRIVATE CONTINUUM				
	COMMUNITY ASSOCIATION	POLICY ADVOCACY	SERVICE PRVDR/ INTERMEDIARY	CONTRACTOR	COOPERATIVE
AGRICULTURE	17	4	34	20	36
ED/TRNG	2	0	8	10	0
POP/HEALTH	8	0	21	4	2
IND/ENERGY	0	3	5	14	1
INFRA/URBAN	3	2	20	28	2
RELIEF/COMP	1	1	3	0	0
TOTAL a\	31	10	91	71	41
PERCENTAGE b\	15%(15%)	5%(4%)	45%(37%)	35%(29%)	20%(17%)

a\ Since projects may involve more than one type of NGO,
some may be double-counted across columns.

b\ As a percentage of total projects in universe (202)
In (), percentage of table total (244)

"brokers" between projects and beneficiaries. By looking at this group of 91 projects, we can observe patterns in service delivery capabilities, relationships with government and beneficiaries, etc., with more success than if we were to try the same with NGOs in the "implementor" category, which includes an even more heterogenous group of organizations and functions.

Similarly, when we look specifically at the involvement of cooperatives in projects, our focus immediately narrows from "implementor" to small, grassroots organizations operating primarily in the agricultural sector in Africa. These numbers are more meaningful for framing issues discussions than calibrating cross-regional comparisons: the predominance of African agricultural projects may be attributable to the generally greater number of such projects supported by IBRD/IDA. It must be emphasized that we have counted projects in which one or more cooperatives is involved--the exact number (which ranges from 45+ in the Bolivia Second Emergency Social Fund to 5000+ in the India Dairy Development Project) was rarely available.

The problems and advantages to working with contractor NGOs can be culled out of the 71 projects involving one or more them. Over half of these are in infrastructure or energy sector projects, probably because these types of projects are generally less in need of the "brokering" strengths of service provider/intermediary NGOs, and more in need of technical expertise. Though technical assistance from contractor NGOs is much the same as that from private sector contractors, experience shows that staff do need to be aware of the differences (see Part III: Sample Findings).

While the "public-private" continuum categories do not contain homogenous groups, they facilitate a sharper picture of NGO work with the Bank. The sample of 24 projects selected for in-depth analysis can be grouped along the spectrum, illustrating its utility (see Chart 2).¹⁶

III. SAMPLE FINDINGS

Twenty four projects were selected for intensive review roughly in numerical proportion to the universe, with 11 Africa projects, 6 in Asia, 5 in LAC, and 2 in EMENA (see Appendix A). Many of these were selected because they were referred to CECPS by SPRIE and other Bank staff as projects with particularly interesting outcomes. The sample is biased towards successful interactions; more insight may be gained from analyzing experiences where things went well. The sample also reflects the relative frequency of NGOs in projects according to sector with agricultural (10) and infrastructure/urban development (7) projects predominating. The rest of the projects were selected in a similar attempt to cover most types of Bank-NGO collaboration. Of the 24, 4 were chosen because of their particularly controversial natures--each having contributed to a change in either Bank or host-country policies on NGOs, social or environmental matters.

¹⁶ Where a project involved more than one type of NGO, it is listed under the type which played the more key role.

Projects were reviewed at the Bank. Four were also reviewed in the field via interviews with NGOs, beneficiaries, and government officials, as well as knowledgeable Bank staff (see Annex B for a summary of these case studies). Given the smallness of the sample and the diverse nature of NGOs and development projects, lessons drawn from this review can only be inferential and suggestive of more generalizable truths. Finally, as all 24 projects were either completed or well under way at the time of analysis, this is a retrospective review.

A. Community Associations

Of 31 of the 202 documented projects with NGO involvement (15%), one or more of the NGOs is a community association. This small percentage may be a result of underreporting, as community associations were not at first included as NGOs by the former Bank-NGO liaison staff. Of the 31 projects, 8 were designed such that community associations are coordinated by intermediary NGOs. (Issues pertaining specifically to Bank-intermediary NGO-government interactions will be discussed under Section C.) Over half of the 31 are in the Agricultural sector, which includes 4 community forestry projects and 6 irrigation schemes involving water users' associations. Eight Population/Health projects depend on grassroots NGOs to disseminate family planning/health care information and services. Within the sample of 24 projects reviewed for this study, five incorporated community associations, often in conjunction with other types of NGOs, particularly service-provider/intermediary NGOs.

Goals for Community Association Involvement in Projects

A primary goal for grassroots NGO involvement in a Bank project is sustainability. As an OED review of sustainability notes, alignment of project objectives and activities with local needs and aspirations appears necessary for project success. This points to community involvement and grassroots institutional development as integral components of project work, particularly during the planning phase, inasmuch as beneficiary groups will be more inclined to organize around problems and opportunities they regard as important.¹⁷

For example, the First Education Project in the Yemen Arab Republic showed practically no effect at the local level primarily because it was planned and implemented without assessment of rural community needs.¹⁸ The second project is successful, primarily because it integrated the existing, country-wide network of Local Development Associations (LDAs),¹⁹ community-based NGOs, into curriculum development for District Training Centers and introduced a Basic Training Fund for LDA-proposed village projects. Beneficiaries are satisfied that their needs are heard and met, there is

¹⁷OED, "Sustainability of Projects: First Review of Experience, World Bank, June 14, 1985, p. 29.

¹⁸It was virtually impossible to reach rural communities at all in the immediate aftermath of a civil war.

¹⁹IDAs grew up during the civil war as communities sought to develop mutual use facilities and infrastructure. They are parallel to a local government structure but can in no way be considered agents of the national government. They are led by elected village elders and financed from taxes on produce sales (later augmented by government contributions of customs revenues).

continued government support, and the increased sense of mutual help inspired communities to undertake additional development projects. This Second Project has served as the model for similar LDA-oriented Third and Fourth projects in YAR.

The La Paz, Bolivia urban upgrading project yielded similar results through successful integration of neighborhood associations. Recent visits indicate that not only are community improvements still in place, but that residents continue to upgrade their homes and facilities. Their communities are now considered part of the city proper. The Zambia upgrading project, in which the Bank contracted the services of the American Friends Service Committee (AFSC) as an intermediary NGO, provides further evidence that community association participation in planning and implementation contributes to long-term project goals. Though the "mutual self-help" did not turn out quite as planned, the transition was a smooth one and neighborhoods continued to undertake joint activities after project completion.

Sustainability means that development activities are not only continued, but become self-supporting. Thus cost recovery is a high priority objective for community association involvement. If public authorities can recover most of the costs of a social investment, they are better able to extend the same program on a larger scale. As the La Paz project illustrates, when beneficiaries are incorporated into project design and implementation through the active involvement of the community association, many are willing to contribute to costs. The resulting sense of ownership stimulates cooperation with the project. For example, as upgrading began, beneficiaries

entered into a contract to pay their share of costs with non-indexed pesos. With the onset of inflation, which ranged from two to five digits during the project, HAM-BIRF (the project implementation unit) held meetings with beneficiaries and renegotiated their obligations to pay in US\$ equivalent terms. Beneficiaries agreed even though they had no legal obligation to do so, primarily because they felt that the project was benefitting them, and because HAM-BIRF tried to ensure their understanding of the repayment conditions.

Thus, community associations of intended beneficiaries have been seen as instrumental for the mobilization of opinion and action, and as communication links between community and government which can translate a project message from one to the other and help see that project commitments, such as cost recovery, are carried out.

Analysis of Interaction

Successful integration of community associations rests on their involvement in project planning. The survey of the universe shows that very few grassroots NGOs (includes both community associations and cooperatives) were active participants in the planning phase. An oft-mentioned reason is the fear that beneficiary expectations may be raised beyond the project's capability to deliver. It is also time-consuming to identify and consult local groups who may be unaware of the options and unable to come quickly to a consensus. The La Paz and Zambia upgrading projects and the YAR education

projects, however, indicate that benefits to both community and government outweigh risks of the involvement of grassroots NGOs in planning.

Though specific implementation procedures are best devised on a case-by-case basis, certain contractual and funding procedures have proven successful with community associations. The community contract approach used by HAM-BIRF in La Paz is, for example, potentially replicable. A contract delineated the one of three upgrading options the community had selected, the amount each individual would owe, and the time each would commit to community projects. The community having the greatest number of residents signing up for the program and paying an advance for works to be done earned priority on HAM-BIRF's list of communities to be upgraded. By requiring consensus and commitment before beginning, HAM-BIRF ensured resident understanding of and participation in the upgrading process. This approach introduces peer pressure to induce residents to adhere to the terms of the contract. A community contract also helps to convince utility companies to extend services to target areas. When local political leaders promised free services (which never came), whole communities withdrew--at least temporarily. Since agreements had been made with communities and not individuals, the municipality was not bound to honor contracts with owners who did not choose to withdraw.

The proposal mechanism of the YAR education projects has been particularly successful. The Local Development Associations of each village propose needed training courses and identify villagers who may serve as instructors or resource persons. Proposals are reviewed by District Councils,

who advise on and monitor the District Training Centers which provide support services for courses. The LDAs are represented at all levels, including the National Board. Villagers are satisfied that their needs are being met through this process and the government, at both district and national levels, has expressed continued enthusiasm.

The Northeast Rural Development Projects in Brazil have taken an entirely different approach, which is in many ways similar to the Grassroots Development Initiative in Togo. Both projects establish a grant funding pool available to grassroots NGOs, which have substantial flexibility as to the types of projects they will undertake. Though there have been a number of small shortcomings in both projects, two primary issues arose that are cross-regional and cross-sectoral:

- * analysis of institutional capacity: Problems with pilot projects in Togo indicated that local NGOs needed not only project funds but also funds and training for institutional strengthening. The revised policy is to analyze NGO institutional capacity and provide assistance where necessary before disbursing project grants. In Brazil, a sum of \$200 million has been earmarked for the Support to Small Rural Communities Component, initially scheduled for disbursement within three years. Many of the implementing agencies, primarily Rural Workers' Unions and Cooperatives, have not had the absorptive capacity to effectively spend these funds. Training and extra staffing have not solved the problem. Some intermediate NGOs have refused to collaborate

in what they see as forcing funds on unprepared communities.

Among other steps taken to alleviate this pressure, the project has been extended to eight years.²⁰

- * identification of legitimate NGOs: Creating selection criteria that both encourage legitimate community association initiative and discourage the formation of "ghost NGOs" (i.e., those formed to use the benefits of NGO status for commercial or political purposes, and which do little work at the grassroots level) has proven difficult. For example, recent Bank observers in Northeast Brazil noted that in several cases, local government authorities had formed "NGOs" and used funds to cultivate patronage. Similar problems erupted in Togo. NGO representatives to the Bank-NGO Committee have expressed fear that rising official interest in NGOs in general will stimulate a proliferation of these illegitimate NGOs.

Context

The identification of grassroots NGOs includes analysis of the comparative strengths of existing community associations within their social, political, and economic contexts. The projects reviewed for this study illustrate the pitfalls of not doing so.

²⁰Christopher J. Hennin and Miriam Parel, "Report on NGOs in Northeast Brazil," World Bank, unpublished, January 1989.

In the Zambia upgrading project of the American Friends Service Committee (AFSC), the field director helped with project design. The local government proposed implementation via Ward Development Committees which were delineated without respect to traditional clan units. The AFSC's project officers chose instead to work through local branches of UNIP, the national political party. This proved to be more workable because local UNIP units were composed of traditional village-type groups with village leaders, and UNIP had been active in social development projects when the government itself had shown little interest.

While this arrangement worked well for involving communities in implementation, its limitations became apparent when the time came to enforce repayment. UNIP leaders were unwilling to play such a bad guy role, and the Ward Councillors were too uninvolved for the project unit to motivate them as collectors. Many councillors campaigned against enforcement in order to gain political advantage. As a result of giving insufficient attention to the City Council, cost recovery and maintenance were severely weakened.

The La Paz community associations were thought to be representative of all residents and thus an effective vehicle for addressing the needs of the poor. However, while they were effective as intermediaries between the project and home owners, a beneficiary assessment revealed that many of the poorer residents, the large population of renters (three times that of the owners), had been entirely overlooked. Infrastructural improvements had not been made available to many renters, whose rents had increased anyway because of the growing desirability of the area. Those

renters who were not given access to water supplies or toilet facilities continued to use the river, thereby undermining efforts to improve sanitation.²¹ Identification of the community associations' positions vis-a-vis other area residents can enable the project to promote development with equity and to increase project effectiveness.

More than the usual amount of resources was devoted to assessing the existing community association network in the YAR Education project. Designers found the Local Development Associations to represent the interests of all members of a community, even though the leaders tended to be village elite. Designers also worked to ensure that institutional arrangements would facilitate the LDA--government relationship.

B. Policy Advocacy Groups

Only 10 of the 202 projects have recorded the involvement of one or more policy advocacy groups, NGOs that bring issues such as the environment and rights of people who are politically and economically disenfranchised to the attention of policy makers. However, since these have been particularly controversial for the Bank, the sample of 24 includes four of these. In all four cases, the NGOs have influenced changes in project implementation. As watchdogs of Bank and government planning/enforcement of environmental, resettlement, and upgrading policies, they have worked to focus international attention on actual and perceived injustices. Many work by lobbying Bank and

²¹Lawrence F. Salmen, Listen to the People, World Bank, Oxford University Press, 1987, p. 81.

government (donor and borrower) officials, the international press, and their own constituencies. Policy advocacy NGOs have in some cases provided informal advise to Bank on an ongoing basis. However, their dominant mode of activity, as regards both Bank and borrowing governments, may be better described as confrontational than collaborative.

Advantages of Policy Advocacy NGO Involvement

Interviews with Bank staff revealed three distinct advantages: contributions to planning and design; watchdog or monitoring roles during implementation; and stimuli to corrective action. All three of these roles increased the projects' responsiveness to the natural environment and to people unable to defend themselves (for example, impoverished groups threatened with resettlement as a result of a Bank-supported project).

Many agree on the importance of bringing advocacy NGOs into project design--rather than in the middle of implementation, when input will be criticism of plans gone awry. In the Itaparica area of Northeast Brazil, the indigenous rural workers' union (Polo Sindical) was extremely effective in representing the interests of people to be resettled as the result of a dam project. Bank staff turned to the union, as well as to cooperatives, churches, and other representative organizations, to gain insights into the opinions of the affected population. As the union had developed technical expertise to supplement its political force, project staff found union contributions to a technical dialogue quite useful. Informal consultations continued throughout appraisal and implementation.

In the Tondo Foreshore development project in the Philippines, an indigenous advocacy organization forced its way into the planning process. ZOTO (Zone One Tondo Organization) was a people's movement consisting of 113 community organizations and supported by neighboring federations, Philippine church groups, and some international advocacy groups. The Philippine government had tried repeatedly since the 1960's to replace the squatter settlement with an industrial center, and ZOTO had repeatedly organized sufficient protest to delay these plans. ZOTO eventually also appealed to the World Bank, thereby helping to influence a change in project plans--from industrial development to squatter upgrading. The resulting project had a far more beneficial impact than would have the initially planned mass resettlement.

Advocacy NGO intervention as watchdog of the implementation process has uncovered problems which may otherwise have gone undetected during supervision missions. A good illustration comes from the Narmada River Development/ Sardar-Sarovar Dam and Power project, where local NGOs reported to the Bank a "reinterpretation" of the land compensation agreement once it was put into action at the local level. Where the record clearly stated that two hectares of land should be given to each family, including landless and encroachers, the government of Gujarat (or at least one local official) interpreted this to mean two hectares to each previous landholding. This would have given even extended families with three adult sons and families two hectares total, when they may have jointly worked fifteen hectares before. Faced with an NGO-organized uprising and tension with the Bank, the Chief

Minister publicly apologized for the problem and reassured the oustees and Bank that the government intended to cooperate in every way.

Similarly, Polo Sindical prodded Brazilian officials into action in the Itaparica project. As the flooding date approached and resettlement plans had yet to be enacted, the union orchestrated a strike at the dam site, bringing the project to a standstill until demands were met. Though existing plans already fulfilled ninety-five percent of the union's demands, the union had not been informed and was thus reacting to plans from six months earlier. CHESF (the Brazilian power utility subsidiary with implementation responsibility) had withheld the revised plans to prevent them from becoming an election year issue. The result of the strike was a contract between the unions and CHESF, which created an atmosphere of constructive NGO-government cooperation that greatly facilitated implementation.

One conclusion that came out of most interviews related to these projects is that advocate NGOs have brought much useful information to the Bank, enabling project staff to design projects with increased respect to social and environmental concerns. There is consensus on the need to involve these groups in project planning, implementation, and possibly evaluation. Especially the indigenous advocacy groups have shown themselves to be fairly reliable sources of information concerning 1) beneficiary concerns, 2) technical knowledge of local conditions, and 3) the degree to which national government commitments to well-planned resettlement and environmental protection plans are carried out by officials at state and local levels.

Thus, while policy advocacy NGOs may often bring uninvited criticism to a project, they may also provide useful information and motivate borrower governments in ways that Bank staff cannot.

Interaction

While contributing to constructive adaptations of project components, criticism from advocacy groups has also generated negative impressions of NGO activity within the Bank. Though letters are answered and NGO representatives are met regularly, staff are often put on the defensive by NGO materials that contain gross exaggerations of project problems, emphasize negative project effects without mentioning project benefits, or place what is perceived as undue responsibility for problems on the Bank. A good example of this is the huge letter campaign on the Itaparica dam project. Most expressed indignation that the Bank had helped build the Itaparica dam at all in light of the negative social and environmental impacts; in fact, the Bank was not involved in building the dam, but was sponsoring a stand-alone resettlement and relief project.

Such tactics leave Bank staff considering proactive policies towards advocacy NGOs, instead of the defensive, reactive stance usually adopted. Some staff feel that the Bank must develop an offensive and pre-emptive public relations capacity. For example, some have suggested that the Bank should publicize its activities more through documentaries, which advocacy NGOs have often used successfully to depict the Bank in a negative light.

Bank staff are frustrated by the publication of NGO materials which seem dogmatic and are written by people who have not visited the project and have little idea of the Bank's role vis-a-vis government in implementation. Indeed, as a survey of European NGO perceptions of the World Bank indicates, Bank operations are often not well understood by NGOs. From interviews with 30 of the larger European NGOs, Stephanie Baile concludes:

For most NGOs, the World Bank is a remote organization, far removed from their day-to-day activities. NGOs are very well informed about their national bilateral aid programs but largely ignorant of World Bank operations. Moreover, the information that they receive about the World Bank...is often controversial, partial and biased.

Interviews showed that some NGO leaders known for having negative attitudes towards the World Bank had come out with much more balanced views on the Bank when they had had an opportunity to engage in discussion with World Bank officials on the occasion of World Bank seminars, symposia, or more informal social functions.²²

Increased emphasis on a two-way information flow may help Bank-advocacy NGO relationships, with NGOs viewing themselves as advisers to the Bank, and the Bank providing openings for NGO input.

²²Stephanie Baile, Survey of European Non-Governmental Aid Organizations: A Guide to NGOs and their Perception of the World Bank, World Bank, European Office, May 1986, pp. 5-6.

Issues

Understanding to what extent advocacy NGOs represent the interests of project beneficiaries is possibly the most difficult aspect of involving them in Bank projects. It may be particularly difficult to discern the degree to which international NGOs represent the views of local populations, especially concerning environmental and tribal rights issues. In the Indonesia Transmigration projects, for example, the reactions of local NGOs to views expressed by international advocates indicate a difference of opinion. The views of both were published in 1986 and 1987 in The Ecologist. Survival International (SI) and other international NGOs presented an open letter to the Bank calling for it to suspend funding in light of the fact that the Transmigration programs were designed to implement Indonesian government policies directly counter to those of the Bank.²³ Indonesian NGOs responded with a lengthy letter to The Ecologist which stated that the transmigration programme is "more of an ecological and natural resources mismanagement issue than a colonization issue" which "does not necessarily represent [a] grave threat to either the environment or indigenous peoples."²⁴

²³SI quotes the Bank as being committed to preserving the cultural identity and individual and collective rights of project-affected tribals (OMS #2.34), while the government is quoted as advocating active assimilation of Irian Jayans into the Indonesian culture (Pelita, May 1985; Indonesia: News and Views VI, 1986, in SI letter to B. Conable, January, 1988).

²⁴"Programme Slashed in Response to Transmigration Campaign," The Ecologist, Vol. 17, No. 1, 1987, p. 41.

Developing-country governments are often especially sensitive to the role of international advocacy NGOs. These groups use their influence with industrial-country governments to put pressure on the Bank and on developing-country governments. This is sometimes perceived as an imposition on national sovereignty. Moreover, not all international advocacy NGOs are well-informed about local circumstances.

The situation is sometimes further complicated by government-organized NGOs (called "GONGOs" by some). In Madhya Pradesh, another Indian state in which massive resettlement will follow dam construction, the NGO network is extremely weak. One Bank staff member was invited to meet with a group of Madhya Pradesh NGOs whom, he assumed, were representative of a budding community activist network. Instead, he found many of them to be "dummy" NGOs, sent by state officials to promote government opinions.

The Bank is limited in its ability to coordinate indigenous advocate NGOs and borrower governments. Local advocacy groups are often perceived as threats to governmental authority. Government officials are not usually inclined to invite what may be seen as opposition groups into the planning of government programs. The Bank can play a role in improving this relationship by encouraging forums for discussion, for example, and advocating NGO representation on various committees: state-level union members now sit on the national committee of Brazil's Northeast Development project, and a local NGO leader sits on the government's Land Purchasing Committee in Gujarat.

Bank-advocacy NGO relationships can be seen as evolving. In the first stage, it was necessary for NGOs to generate large-scale campaigns in order to capture the international attention necessary to force high-level policy decisions within the Bank and governments. Their activities were generally successful: an Environment Department has been established in the Policy, Planning, and Research staff, and there are now environment divisions in all four regional technical departments. In addition, and partly due to this reorganization, greater attention is accorded to project impact on the environment, oustees, and indigenous tribes. In the second stage, however, once NGOs have established themselves as forces to be reckoned with, the relationship may be less confrontational. The Bank now seeks out the views of environmental NGOs on various policy and operational matters, and even the most critical of environmental groups have given public support to some Bank work.

C. Service Providers/Intermediaries

This group comprises 91 projects, 45 percent of the universe, and includes those which deliver services to people or areas largely unreachable by the public and purely private sectors. The service delivery function is perceived by many Bank staff to be the non-governmental sector's greatest advantage. The important "intermediary" role assumed by many NGOs is the ability to act as broker of values and information between donor/government and beneficiaries, using knowledge of both local circumstances and project objectives.

In the agricultural sector, NGOs implement training (managerial, agricultural, vocational) programs in 17 projects, organize and lend managerial assistance to cooperatives in at least six, provide financial assistance to grassroots organizations in three, and coordinate community forestry activities in nine.

Population/Health is a sector to which NGOs seem particularly well-suited--primarily because of their relative strengths vis-a-vis government and private health care to extend information and services to less accessible populations. They also have been particularly good partners in urban development projects, where community involvement is often essential for success. NGOs have encouraged communities to voice their opinions to project managers and have generated self-help efforts to construct both individual dwellings and common facilities.

The Bank/borrower-intermediary NGO interaction is noteworthy for pioneering approaches. Bank staff were taking chances on project models not previously tested in Bank-sponsored projects. While this study may draw attention to a number of problems, it also recognizes the benefit of such pilot projects as a basis for future projects.

Goals for Involving SP/Intermediary NGOs in Projects

Many of the NGOs interviewed resent being perceived merely as "service-providers". Their goal is to serve as an institutional bridge between the project and its beneficiaries, linking project objectives and

activities to the needs and environment of beneficiaries. Much of the discussion about NGO ties with large development institutions concerns a fear that NGOs will become too bureaucratic, lose touch with local needs and, eventually, with their original development goals. On the other hand, there is also a fear that by avoiding opportunities to influence development activities initiated by governments and large development institutions, NGOs will be unable to have much influence outside the immediate project environment. Reconciliation of project objectives with the NGO's goals and institutional capabilities, without distortion of the organization, is an overriding policy issue in Bank-intermediary NGO collaboration.

Goals for involving an intermediary NGO in a Bank-sponsored project include the following:

1. translate beneficiary needs, knowledge of local conditions to Bank/borrower: This function can mean advice given in informal discussions, formal representation of NGOs on project planning or implementation teams, contractual agreements to perform beneficiary assessments, or other arrangements. When rural populations were not being effectively reached by the First Population Project in Kenya, indigenous NGOs (National Council of Churches of Kenya, Christian Health Association of Kenya, Kenya Catholic Secretariat) were informally consulted on ways to improve effectiveness with the Second project. They have since been formally incorporated into project dialogue and receive project

funding to distribute family planning information and administer services.

2. **translate guidelines of project to communities:** As shown in the Zambia upgrading project example, intermediary NGOs may be able to translate the ideas of project managers concerning community self-help and repayment plans to beneficiaries. The Guatemala Reconstruction project, in which FENACOAC, a federation of 69 savings and loan cooperatives, took over the small enterprise, income-generation component, provides another example. While BANVI, the national housing bank, was too far removed from small entrepreneurs to have interest in or capacity for working with them, FENACOAC was able to notify its member cooperatives of available funding and assist them with preparing proposals to take advantage of it. The federation disbursed and collected 100 percent of project funds.

3. **organize beneficiaries to take advantage of project benefits:** Beyond transferring information to beneficiaries, intermediary NGOs have catalyzed community association and cooperative formation. A good illustration of this is the work of TKV (Development Foundation of Turkey) with poultry cooperatives. TKV was contracted to replicate its successful cooperative model on a larger scale within the Fifth Livestock Development project. The NGO promotes the project to farmers, encourages village consensus, trains professionals to provide technical assistance, provides

administrative services, and sets up marketing and distribution centers. By organizing cooperatives of 20 farmers and providing support services, TKV gives individuals access to project-funded credit.

4. **deliver services to less accessible populations:** Delivering services to people or areas unreached by government agencies or private firms is another valuable contribution of service provider/intermediary NGOs. The issue for the Bank is how to take advantage of NGO expertise without compromising NGO goals and modes of operation. The Bangladesh and Kenya Population projects have handled this with reasonable success. In both cases, the guidelines for NGO funding are fairly broad: as long as NGO programs contribute to national health/population objectives, they are free to choose their own methods of operation.

5. **serve as intermediaries to other NGOs:** This typically takes the form of financial intermediation, though other functions include geographical coordination, technical assistance, and training. Staff in some projects selected a particular NGO or NGO umbrella organization to review proposals and disseminate funds. FENACOAC, for example, served as a channel to smaller cooperatives. In the Togo Grassroots Development Initiative, FONGTO, an umbrella organization, coordinates NGO activities and manages training programs for members that require institutional strengthening.

A common denominator among these predominantly successful examples of intermediary NGO-Bank collaboration is Bank/borrower recognition of the particular developmental objectives of each NGO. FENACOAC, the Kenyan NGOs, Swarnivar (Bangladesh NGO), and TKV participate, for the most part, as organizations with individual goals and modes of operation--not as contractors concerned primarily with fulfilling Bank/borrower-delineated terms of reference for a fee.

Bank staff lack of recognition of an NGO's institutional agenda weakened the Zambia upgrading project. AFSC joined the project with the distinct objective of generating community participation in the planning and construction processes; indeed, the Bank saw AFSC's role as implementing the project's "community development" component. Bank staff were skeptical of the efficacy of self-help construction, and the Lusaka City Council did not have the capacity to supervise large-scale community involvement in civic works. But pressure to build within the disbursement period led Bank staff to attach a rider to the final agreement: "should the procedure [of collective self-help] interfere with the progress of timely execution of the Project, the government shall, in consultation with the Bank, employ contractors to carry out the above-mentioned works."²⁵ The result was that contractors had to incorporate community residents as workers, an arrangement which, for a number of reasons, was a frustrating one to all parties involved. While still

²⁵Hoek-Smit, AFSC, p.73. Text quoted from final draft copy of Letter No. 2, 18 June 1974, for signature by authorized representatives of the World Bank and the Lusaka City Council.

reasonably successful, retrospection indicates that reduced time pressure and more flexibility for AFSC might have increased the community contribution to implementation.

Another Bank-NGO controversy arose in the El Salvador Second Urban Development project; FUNDASAL (Salvadorean Low-Income Housing Foundation) was asked to implement the entire project. While Bank staff were generally extremely responsive to the special needs of an NGO,²⁶ there was an ongoing controversy as to project objectives and how progress toward these should be addressed in evaluations. FUNDASAL saw housing as a means towards larger developmental goals, as "laying the foundations for a process of social change." But the Bank wondered, in the words of one staff member, "whether a low-cost construction project is the most appropriate vehicle to further these aims," and expressed concern over the lack of dependable hard data in the cost-benefit analysis of mutual help. The final compromise was to produce two separate evaluations of mutual help: one by FUNDASAL for "national consumption," considered "inappropriate to circulate within the Bank," and another for the Bank with less political content.²⁷ This difference of opinion between Bank staff and FUNDASAL, however, had little, if any, effect on project performance inasmuch as FUNDASAL (unlike AFSC in the Zambia project) had complete responsibility for implementation of the projects' housing

²⁶A special revolving credit fund was set up to allow continued operation while waiting for expense reimbursements. The repayment period for the loan was extended to enable FUNDASAL to complete projects and recoup losses caused by rising political/economic instability.

²⁷Memos from Project Files, 1978.

component (the only NGO in Bank history to have such extensive authority for a Bank-financed project).

Interaction

Planning: The Kenya Population project illustrate the efficacy of inviting intermediary NGOs into the planning process before agreeing on an implementation strategy. Less tension and delay occur if goals and the resources necessary to achieve them are agreed upon at the outset.

Proposal preparation: As George Baldwin, a Bank consultant, observes, donors are accustomed to an approach to funding which requires recipients to prepare detailed project proposals, often at their own expense, complete with cost estimates and a two-to-three year timetable.²⁸ Where NGOs have had little interaction with international donors or have had little experience with a particular type of project, there may be cause to assist the NGOs to gain primary information necessary to a well-thought out budget and implementable proposal. For example, the Bank, with its experience and extensive access to research, can channel to NGOs state-of-the-art information on a particular type of project, advise NGO planners as to contingencies, and explain clearly the details of financing in Bank-sponsored projects.

Institution--building: Projects involving a single intermediary NGO as implementor may require such assistance before the loan/credit becomes

²⁸G.B. Baldwin, "NGOs and African Development: An Enquiry," The World Bank, January, 1988, p. 62.

effective. For example, FENACOAC's role in financing small enterprises was delayed because the federation had insufficient staff to work with local cooperatives in developing/implementing activities. In Zambia, Bank disbursement procedure precluded AFSC from training its community development team until the credit was effective. Thus, the training period itself cut into already limited time allotted for the CD component.

Reporting methods and mechanisms: NGOs have been generally held to private contractor standards of strict accountability for both expenditures and performance. They must submit periodic reports in each area and are sometimes subject to independent outside auditors. The need for accountability is not disputed. However, reporting procedures which emphasize quantitative achievements are seldom able to describe qualitative aspects of development that intermediary NGOs feel to be more essential--and for which they have often been brought into a project. The methods used in this qualitative information-gathering are simple and informal. As the Evaluation Sourcebook of the American Council of Voluntary Agencies for Foreign Service (ACVAFS) notes:

"For the small-scale community programs that most PVOs operate, notes or tapes of carefully selected participant group discussions may be just as valid, and certainly more compatible, than a full-scale survey using a closed-ended, computer-coded questionnaire. The choice of methods depends on what you want to know about a program as well as what produces the desired results."²⁹

²⁹ACVAFS, Evaluation Sourcebook, 1983, p. 48.

Bank staff can assist in the development of a balanced reporting system by emphasizing to borrower governments the importance of incorporating qualitative assessment. For example, ongoing process evaluation utilizing beneficiary assessment and focusing on the effect of NGOs on the productivity of farmers and reelers has been built into a current community-based sericulture project in India. Bank staff can also encourage the funding of technical assistance to SP/intermediary NGOs to develop self-evaluation capabilities.

Context

As with other categories of NGOs, the context within which an SP/intermediary NGO operates is crucial to its successful involvement in project activity, as may be seen from the following two cases.

The Togo NGO Collaborative project experienced substantial delay because of insufficient attention to the relationship of the pre-existing implementing umbrella NGO (CONGAT) with other NGOs. As implementation progressed, many NGOs felt that CONGAT did not act as a legitimate umbrella organization, primarily because it had developed its own service branch which competed with member NGOs for donor funding. Many NGOs resented the dependence that resulted from CONGAT's control of funds. These formed a separate federation (SLONG) in opposition to CONGAT and its outspoken director. Though the two eventually joined to form FONGTO, which now channels project funds, the CONGAT director and his supporters, particularly donors from developed countries, may continue to harbor grievances.

Efforts to create umbrella groups for project purposes should be approached with caution. A sudden influx of assistance to a donor-created coordinating body can diminish NGO autonomy by making collaboration with other groups a precondition to donor support. If few NGOs are willing to submit their projects to the review of a coordinating committee, collaboration will be difficult. Such an attempt might also trample fledgling indigenous initiatives for coordination which, if given time, could eventually provide viable NGO representation to government and donors.

Unanticipated NGO-government agency friction can also create tension and delay. A consultant who performed a detailed analysis of a potential local intermediary NGO partner in the Indonesia Yogyakarta Rural Development Project provided a particularly vivid description of the NGO's political context. Her study ultimately helped the project avoid major coordination problems with government. She found that the Bank, in discussing a community development role for the NGO, had entirely overlooked Bang Des, the official body in charge of local development. The Bank had been working with BAPPEDAS, the provincial authority, whose director was engaged in an ongoing personality and power conflict with the Bang Des director. Both agencies were using Bank support of the NGO as a tool, thinking that, once the NGO and Bank resources were under their coordinating control, one agency would be strengthened against the other. The NGO itself was careful not to make a move without being requested to do so by national and local authorities. As it turned out, the NGO workers were allowed to participate only if they represented themselves to the villagers as Bang Des employees, thus negating

any advantage they might have had as representatives of an outside agency or NGO.

D. Contractor NGOs

In 71 of the 202 projects (35%), NGOs participated as contractors; they agreed to implement project components, technical assistance or public works, strictly as delineated in requests for proposals. They come to projects with special expertise, but generally not with independent development agendas. Of the total 21 Industry/Energy sector projects, 17 included contractor NGOs, usually in a consultancy/technical assistance capacity: designing management and credit administration systems for banks, working with power companies to develop rural electrification systems, and similar activities. Within the Infrastructure/Urban Development sector, 23 of the total 42 projects involved NGOs as contractors. ORT (World Organization for Rehabilitation and Training), which specializes in transportation system development and management, worked in the majority of these.

In six of the 24 projects reviewed, NGOs could be categorized as contractors, in that the roles they played are very close to those of private consulting or construction firms.

The Operational Directive states: "when NGOs act as consultants, they should be engaged following the Guidelines for the Use of Consultants by World Bank borrowers and by the World Bank as Executing Agency" (OMS 2.81, the Development of Local Capabilities and Use of Local Consultants and OMS 2.50,

Use of Consultants). Some consultant NGOs such as ORT and NRECA (National Rural Electrification Cooperative Association) are comfortable operating within these guidelines. They maintain a not-for-profit status and often manage independent development activities of their own initiation. For the Bank's purposes, these NGOs need no special policy adaptations. Nonetheless, these consulting entities are NGOs - further contributing to Bank staff confusion over definition. However, other contractor NGOs for lack of working capital or other reasons, cannot operate effectively within the procedures established for private firms.

A number of NGOs agreed to work as contractors, but found that the terms inhibited them from incorporating methods of operation used in their own projects which may have contributed to project sustainability. As seen below, the benefits of involving this group of NGOs were not fully taken advantage of--they may have been better incorporated if given more scope to use distinctive development approaches within the project.

Goals for Involving Contractor NGOs in Projects

A clear objective for incorporating a contractor NGO is to take advantage of special knowledge or skills, perhaps regardless of the degree to which the organization is motivated by values. While differences in performance may be small, in some cases, a "value-driven" orientation may be a benefit. In the Ghana Water Supply and Rehabilitation project, for example, Public Administration Services (PAS) was able to underbid private firms for the management consultancy. PAS had some cost advantage because of its

not-for-profit tax status, and PAS also maintains a low overhead and no overseas offices. PAS' performance was also enhanced in that PAS consultants were not preoccupied by bottom-line profit considerations and were willing to lend assistance in areas beyond those delineated by terms of reference.

Cost is often a factor in involving contractor NGOs. The low cost of NGO assistance is an advantage touted by many, even though a conclusive empirical analysis of NGO costs vis-a-vis government agencies and private firms has yet to be done. This small sample produced mixed results. In public works, CARE's road construction in Sierra Leone's Eastern Integrated Agricultural project was relatively expensive, primarily because CARE refused to compromise on quality to reduce costs. However, in the Liberia Second Education Project, CARE was able to construct primary schools at a cost estimated to be 30 percent less than that of for-profit contractors. In technical assistance components, PAS was relatively less expensive to hire, while ORT consultants are paid market--or close to market--rates.

The Bank's experience with CARE as contractor in Liberia supports the contention that, because the NGO was hired primarily for its low-cost construction capability, it did not contribute as fully as it might have. CARE was initially assumed by the Bank to be working as a service-provider/intermediary, since it considers one of its strengths to be motivating communities to participate in self-help efforts. However, in both Liberia and Sierra Leone, CARE implemented only its primary tasks as delineated in contracts. In Liberia, CARE was selected to build 100 schools (85 of which were completed). CARE's proven track record with cost-efficient

construction, made cheaper with voluntary community labor, made it a much more attractive candidate than local contractors, well-known to be too expensive, ill-equipped, and only moderately skilled, or the Ministry of Public Works, which did not judge itself capable of such a large undertaking.

CARE did not work with the communities to create a role for the schools in the villages--in fact, some buildings went unused because no one knew to whom they belonged. The project completion report and a later government review of the education sector noted that many of the schools had deteriorated because villages had not been involved in planning for maintenance.³⁰ The CARE project manager (now in Honduras) was recently asked his perspective on the project. He said that inasmuch as Liberia was his first CARE country assignment, he was not forceful enough in dealing with the Bank on participation issues. If he were to deal with the Bank now, he would assure CARE of a community organization as well as construction role.

Contracting Procedures

Agreements with contractor NGOs are usually similar to those which regulate relationships with private firms. The project delays and implementation obstacles caused by lack of attention to the special needs of some contractor NGOs indicate a need for flexibility in contracting procedures.

³⁰PCR, 1983. Conrad Snyder & Joane Nagel, The Struggle Continues: World Bank and African Development Bank Investments in Liberian Educational Development (1972-1985), Ministry of Education, Liberia, Chapter 5, p. 118.

Whereas private contractors typically work on an expense-reimbursement cycle, a not-for-profit NGO is unlikely to have the capital reserves necessary to fund construction while awaiting reimbursement. This became clear to project staff working on the Mali Health Development Project, in which ADAUA (l'Association pour le Developpement d'une Architecture Naturel et d'un Urbanisme Africains), an NGO from Burkina Faso, was contracted to build health centers. ADAUA was selected because of its unique expertise in stabilized-soil construction technology.³¹ Problems arose when the NGO tried to undertake work on three sites simultaneously, thereby overextending its supervisory and financial capacity. Funds were disbursed through the Ministry of Health, contingent on verification and certification of work completed. Such certification was the responsibility of the Ministry of Public Works which was often slow to inspect and certify work completed, and which sought to block further advances to ADAUA, which was treated as a private contractor. The Ministry of Health, in turn, occasionally authorized further advances. In the final analysis, the system of control and verification broke down, important sums could not fully be accounted for, and the Government imposed force account procedures.

The Bank might alleviate such financial difficulties by setting up a special revolving fund to cover expenses while awaiting reimbursement; in that way the highly successful El Salvador Second Urban Development project made allowances for FUNDASAL's financial position.

³¹This technology uses primarily local materials and results in cooler interiors than do the typical buildings of concrete and galvanized roofing.

In the Yogyakarta Rural Development Project, Dian Desa, an appropriate technology NGO, was also subject to government rigidity concerning contractors. It had agreed with the Bank and Public Health Department to construct ferrous cement water cisterns which could collect water during the dry season. When the NGO found itself covering expenses and persistently requesting reimbursement, it was told that it was not a "bona-fide" contractor and would have to go through government for all procurement. Since tanks were constructed simultaneously in many areas, the use of a single supplier for all of them caused delays. Additionally, the government did not permit forward purchase of cement needed to begin construction when a water shortage eased.

Inasmuch as these agreements are often dependent on borrower government policies, the Bank could be instrumental in influencing flexible terms. It will help when Bank staff recognize types of special contracting arrangements which might be necessary to involve an NGO.

Identification/selection of contractor NGOs vis-as-vis public agencies or private for-profit firms.

Questions have been raised about the temporary nature of building local NGO capacity, when increasing government or private capacity may more effectively lead, particularly in Africa, to a reduced exodus of professionals or to a more sustainable building and maintenance operation. While an NGO may appear to be the only viable option in a country with an underdeveloped

private sector, allowing it to meet the project-created demand may delay development of local, private (for-profit) firms.

This may point to a need for NGOs to help "work themselves out of business." This could be done, for example, by emphasizing training of government or private workers. A contract might also stipulate NGO support of the private sector, in the form of subcontracting to local firms, or it might require training of local people during the project. The training component of the Mali Health project has been considered a moderately successful ADAUA achievement, though it is still too early to gauge the multiplier effect in terms of generating new entrepreneurial ventures. In Sierra Leone, where CARE was contracted for road construction, it handed over its heavy machinery to the Ministry of Public Works after implementation. Similarly, NGOs might be encouraged to sell their machinery off at concessional prices or with soft financing to small private firms.

With the possible exception of consultant NGOs such as ORT, contracting NGOs often involves issues beyond those inherent in hiring private firms. If an NGO is deemed the best alternative, not only is it important to analyze the NGO's institutional capacity and the special contracting arrangement necessary, but also to consider whether the NGO's strengths are being put to full use under the contracting arrangement.

E. Cooperatives

Forty-one of the 202 projects involved creation of or coordination with cooperatives. Six of the cooperatives are comprised of artisans and 35 of low-income farmers. Of these, 25 are in agricultural projects in Africa. Many are oriented towards crop production/marketing, livestock development, or dairy production. Though this paper cannot encompass the numerous issues surrounding cooperatives, several interesting issues arose from an institutionally-oriented review of the six projects in the sample 24 with cooperative involvement.

Goals for Involving Cooperatives in Projects

The Bank has categorized "production-related" people's organizations as a type of NGO (OMS 5.30). Cooperatives work for the benefit of members and their principal objective is to increase incomes; they do not, therefore, always fit the image of NGOs as altruistic and service-oriented. The Bank's goal in supporting cooperatives is to enable their eventual self-sustaining, autonomous activity as private firms. They can be considered NGOs only if one recognizes that cooperatives have ends beyond those which are strictly economic, particularly social equity. Then they may be included with other organizations working to enable primarily low-income persons to participate more fully in the private and public sectors.

Three of the cooperative projects in our sample are widely considered by Bank staff interviewed as successful: The Ituri Livestock

project in Zaire illustrates how cooperatives can successfully achieve both objectives of increased income and increased political leverage for project beneficiaries. The project implementation unit catalyzed the formation of 117 livestock producers' associations (PRODELS) and a federation (ACOOPELI) which pools PRODEL resources for purchasing veterinary medicines and represents herder interests to the project unit, government, and donors. The enthusiastic response of farmers to cooperative ideas was unexpected; far beyond taking over the cattle dipping program as planned, the PRODELS retail veterinary supplies to members, manage communal pastures, curb rustling, and defend herdmen's interests at the local level.

In the Turkey Livestock project, over 800 farmers in 12 regions are benefitting from Turkey Development Foundation-established poultry cooperatives. In the much-acclaimed India Dairy Project, the Bank's switch from support of state-run dairy operations to support of "Operation Flood"³² has enabled the project to cover all but one of India's states and territories, with over 30,000 Dairy Cooperative Societies. Operation Flood activities are noted to have "demonstrated profound social and economic consequences, as cooperative profits are used to finance communal resources of education, water supplies, health services, and access roads."³³

³²Operation Flood is based on the AMUL model, which has a number of key institutional features: member-elected boards, democratic and accountable operations, employment of professional managers, cooperative ownership and management of processing, marketing, and production assets, and autonomy of decision-making related to pricing. Each Dairy Cooperative Society is a member of a regional producer's union, which in turn is a member of a state Federation. Federation representatives participate in the overall policymaking of the National Cooperative Dairy Federation of India.

³³Staff Appraisal Report, p. 4.

Issues arising from the involvement of cooperatives in project activity

From the review of these three cooperative NGOs and a fourth, UCCAO in Cameroon, not considered a success, we raise three issues:

- 1) Sustainability of cooperatives is still a question in both the Zaire and Turkey livestock projects. Enabling grassroots economic organizations to operate free of project support (i.e, donor funding and intermediary NGO support services) is possibly the most difficult aspect of implementation. In Turkey, TKV continues to supply managerial and technical services for which member farmers do not pay. It is not clear how the cooperatives might remain competitive if they are bereft of TKV services or they must pay for them out of profits. In Zaire, the PRODELs and ACOPELI continue to receive project support in subsequent projects. ACOPELI still relies on donated veterinary supplies from Canada.

- 2) Proper institutional analysis is as important in dealing with cooperatives and other NGOs as it is in working with public or purely private sector entities. Sustainability is not only a financial issue, but also an institutional one. UCCAO, a union of six Western Province cooperatives in the Cameroon Western Highlands Project was active only in the processing and marketing of arabica coffee but, in the absence of strong government services in the West, UCCAO's functions were expanded to fill the

needs of the entire agricultural development project. This included not only coffee production, but also small animal husbandry, tree planting, bottomland development, water supply, food production, and an extension service. This proved to be an overly large burden for UCCAO; the entire nature of the organization was altered by this influx of funding and responsibilities, some of which later had to be transferred to government agricultural services.

- 3) A final issue is that of examining the cooperative network within context. The Cameroon project tried to support cooperatives without consideration of UCCAO's position vis-a-vis its member cooperatives or their members. During project preparation, it appeared that UCCAO was a functionally representative organ of the cooperatives, when, in fact, the cooperatives saw UCCAO as purely a service organization and had monitored its activities closely to limit its power. By gaining control over all project resources and developing an implementation network parallel to the cooperative network, UCCAO increased its influence substantially. The cooperative managers feel that their interests have not been met through this arrangement. To the farmer-members, whose interests often differ from those of the managers, UCCAO is a far-removed, almost governmental body. OED's recent review further substantiated the "need for a more detailed understanding of the

power realities in the institutional and political environment in which rural development projects operate." ³⁴

IV. THE BANK'S ROLE IN FACILITATING GOVERNMENT--NGO RELATIONSHIPS

Borrower government cooperation is a determining factor in the successful integration of NGOs into Bank-sponsored projects. The stipulation that Bank funds must, according to its Articles of Agreement, go through government, often discourages NGOs that might otherwise see great potential in participating in a Bank-sponsored project. Depending on the country, NGOs can often receive funding from private and bilateral donors more directly; bureaucratic obstacles inherent in working through government agencies put the Bank at a comparative disadvantage. The Bank is well-positioned, however, to foster effective relationships between governments and NGOs.

Michael Bratton's summary of NGO-government relations in Africa applies to a number of the projects reviewed, in all regions:

"Whether NGOs are international or community-based, all operate within the boundaries of a nation-state and at the pleasure of a sovereign government. Because governments resist any reduction of their leadership role in development, they are likely to seek to control NGOs by enacting legal and administrative regulations to govern the voluntary sector. For their part, NGOs are among the only formal organizations to enjoy a degree of autonomy from government and to have a direct presence among mobilized communities at the grassroots level...Governments and NGOs

³⁴OED, Rural Development: World Bank Experience 1965-86, The World Bank, April 1988, p. 60.

therefore find themselves in a new and challenging juxtaposition that requires leaders on both sides to ponder the potential for conflict or complementarity between their institutions."³⁵

Many of the bureaucratic obstacles which delayed implementation in the Bank-sponsored projects were manifestations of government hesitancy to allow autonomous NGO activity. The issue for the Bank is how to best design a government-NGO partnership in which the government is aware of, yet does not exercise detailed control of, NGO activities. Turning otherwise autonomous institutions into de facto branches of government could squelch those aspects of NGOs which make them particularly valuable to development.

In some projects, the conflict was at the national level where officials were hesitant to relinquish implementation responsibilities to an outside agency--afraid that channelling control or funding to NGOs would reduce their own leadership role. This helps to explain the Guatemalan government's hesitance to transfer administration of the Reconstruction project's small enterprise development component from BANVI (the national housing bank) to FENACOAC, a federation viewed as unsympathetic to the government.

This fear can be combined with the desire of central government agencies not to look incompetent. In Turkey, the Ministry of Agriculture (MAFRA) displayed such sentiments in its lack of cooperation with TKV in implementation of the Livestock project. Though government priorities lay

³⁵Michael Bratton, The Politics of Government-NGO Relations in Africa, July 1988, p.5.

elsewhere, the Bank pushed hard to add the poultry component, specifying TKV as implementor because of the NGO's proven successes. Using the premise that some TKV enterprises operate with commercial methods and generate income, MAFRA balked at reimbursing expenses. Project officers note, however, MAFRA's own lack of success with poultry projects.

In other cases, national officials were fully supportive of NGO participation, but state or local officials viewed NGO involvement as threatening. 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 projects doubtless would have been greater than that actually attained." Though national officials expressed willingness to support Operation Flood, state officials had little incentive to support the cooperative movement, yet much to gain in propagating state-run dairies. These, though extremely unsanitary and inefficient, maintain thousands of jobs. Politicians cultivate urban votes by holding down producer prices and protecting the interests of private dairies and middlemen.

Sometimes authorities find it easier to work with NGOs at the local level. In the Kenya Population project, NGO-government coordination of population activities generally happens more often and with better results at the district and local levels than at the national level. While supportive of NGO involvement, national-level officials are concerned with macro policy issues and delineation of responsibilities along Ministry lines. Coordination at the micro level is informal, stimulated by the need to share resources.

The reactions of government to NGO participation in Bank-financed projects have an economic basis in so far as the government sees NGOs as diluting scarce development resources. In most developing countries, legitimate demands on government far outstrip its financial resources. In addition, procedural difficulties arise because official agreements with NGOs are often awkwardly new to governments, NGOs, and the Bank. Finally, there may be political problems. The political perspective is the most complex, especially from the view of Bank staff who may find it difficult to understand the political environment within which NGOs operate and to help a confrontational government-NGO relationship evolve into a cooperative one.

As Michael Bratton has observed, governments which derive their legitimacy from their capacity to make good on promises of economic and social advancement will not want to admit they have performed poorly because of the implication this holds for their right to power.³⁶ As in the Sierra Leone project, where the government was frustrated that CARE received credit from beneficiaries for government-financed road construction, governments may be unwilling to allow others besides the State to get credit for development activities. The challenge for Bank staff is to convince government that NGO-supported projects can extend government capabilities rather than compete with the public sector for local power bases.

The political aspect of NGO-government-Bank interaction also brings in the role of policy advocacy NGOs. The anti-government stance of

³⁶Op. cit., Bratton, p. 12.

many advocacy groups sometimes makes them almost off-limits to Bank staff, who must be careful not to offend a host government. In the early days of both the Tondo Foreshore and Narmada Dam Projects, Bank staff were severely reprimanded by government and Bank management for speaking with indigenous policy advocacy NGOs. The Philippine and Indian governments felt threatened by the organized opposition represented by these groups. In both situations, the NGOs later turned out to be invaluable sources of local information to the Bank, thus moving from a confrontational stance vis-a-vis the Bank to an informal advisory one. While ZOTO continued to be repressed by the Philippine government, in India the NGO's local knowledge and political base eventually won it respect from government. In the Brazil projects (Itaparica and Northeast Development), the rural workers' unions began as outside agitators, but eventually negotiated a contract with the power utility subsidiary. Labor unions are also represented at the national level in the Northeast Development project, and they receive a percentage of project funds to implement training programs for local NGOs.

The acceptance of policy advocacy groups by government seems to depend on the government attitudes toward dissent, the NGOs' abilities to organize local power bases, and their willingness to move beyond confrontational tactics to negotiation. While the Bank's primary relationships are with its member governments, Bank willingness to listen to the views of advocacy groups can influence governments to take their views seriously.

There have been relatively few examples of fully collaborative trilateral arrangements among governments, NGOs, and the Bank. The Yemen Arab Republic Education projects have met with success because officials are convinced that the projects both fulfill beneficiary needs and reflect well on government. Government representation at every level is more a symbol of support than a controlling influence. The Kenya Population projects are also building what is expected to become a replicable model. The National Council for Population and Development (NCPD) is responsible for coordinating all family planning-related NGO activity. NGOs see the advantages to such centralized functions and are generally positive as to NCPD's future capabilities (See Case Study, Appendix B).

Some more recent projects are indicative of changing government attitudes towards NGOs. Many of the most promising NGO-government linkages have occurred in Asian countries, where governments are relatively strong and thus less threatened by NGOs. In the Philippines, for example, NGO leaders are working with President Aquino's government on a Health Development Project, as well as on such policy issues as land reform and rural employment generation. In Latin America, projects such as Bolivia's Emergency Social Fund show encouraging changes: NGOs work with government to plan, design, and implement projects which will address the needs of those hardest hit by recession and structural adjustment. NGO partners are becoming more acceptable--especially for service delivery. Latin American governments tend to be vocally supportive of community participation, but their motives in involving NGOs may sometimes center more around the cultivation of political

support and cost recovery than empowerment of the poor.³⁷ Because many Latin American NGOs see their basic role as helping poor people become more assertive and better organized to press their claims, many NGO-government relationships will continue to have antagonistic overtones.

NGO involvement in Bank-financed projects is more prevalent in Africa than anywhere else, in part because governmental institutions are relatively weak there. But the weakness of African governments may also make NGO-government tensions more difficult to reconcile in this region. Many of the problems mentioned in this chapter tend to be more severe in Africa than elsewhere, though recent experiences, such as the promising Grassroots Development Initiatives Project in Togo, illustrate the increasing willingness of governments, even in Africa, to entrust project responsibilities to NGOs.

V. CONCLUSIONS AND RECOMMENDATIONS

This paper has reviewed the nature and scope of NGO involvement in 24 Bank projects. To date, 202 projects have been identified that have involved NGOs; this represents only five percent of Bank projects. The present sample represents approximately 10 percent of these Bank projects. The review shows that, in general, NGOs have contributed positively to the success of Bank projects by facilitating beneficiary participation, by

³⁷Sheldon Annis, "Can Small-Scale Development be a Large-Scale Policy? The Case of Latin America," World Development, Supplement, Autumn, 1987, p. 132.

highlighting environmental issues, and by assisting in the delivery of services to low-income groups. Problems, of course, have arisen and will continue to arise on the question of the proper role of NGOs in Bank projects. Bank-NGO-collaboration must be informed by a balanced assessment of the strengths and weaknesses of NGOs.

The potential benefits of NGO participation in Bank projects are several:

- a. They have demonstrated skills and experience in identifying community needs and promoting community participation.
- b. They have been articulate and forceful contributors to policy reform, particularly in issues concerning the environment.
- c. They have provided innovative models for action which have been scaled up or replicated by governments on a national scale.
- d. They have a comparative advantage in the low-cost delivery of services to relatively vulnerable and inaccessible groups of beneficiaries, and augment the potential for cost recovery.
- e. They are also known for their long-term commitment to development efforts and for their strong advocacy role on behalf of disadvantaged groups. This is a potentially valuable asset in the context of poverty reduction. Development of autonomous, self-

reliant grassroots organizations has been shown to be correlated with project sustainability.³⁸ Additionally, as has been noted at Bank-NGO meetings, the priority placed on mitigating the negative effects of structural and sectoral adjustment loans on the poor (or changing the design of program loans to enhance their positive effects on the poor) points to the growing need to solicit NGO input from the preparation stage.

The Bank should also be aware of the limitations of NGOs and the pitfalls in working with them.

1. The advocacy role of NGOs often injects a sense of antagonism in their relations with governments.
2. The strong interest of many NGOs in local problems and their commitment to grassroots level action generally tend to make them less sensitive to macro-economic problems and to the need for an enabling macro-economic environment.
3. NGOs may be hostile not only to governments, but also to one another. Parochial interests could cause them to behave defensively. This tendency merits attention wherever inter-NGO collaboration is involved in development projects.

³⁸OECD, Sustainability of Projects: First Review of Experience, June 14, 1985, paras. 3.04-3.08.

4. NGOs are not generally well endowed in terms of financial and managerial resources. This is particularly true of indigenous NGOs which have often been unable to scale up their activities.

The scope and quality of Bank-NGO collaboration can be improved in several ways. First of all, the Bank should increase its understanding of NGOs in relation to their operational functions and purposes; second, NGOs should contribute more to project design, while continuing to participate in the implementation of projects; and third, Bank collaboration with borrower governments should help create an enabling environment in which NGOs may operate to their fullest potential.

A. Increase Bank Staff Awareness of NGOs

It is clear from the many interviews conducted with Bank staff for this review that there is a less than complete understanding of the nature of NGOs and their potential contribution to the development process. Most Bank staff are not familiar with NGO matters. A good understanding of the nature, scope and diversity of NGOs, and the contributions different types of NGOs can make to Bank projects would be most useful to operational staff working on projects with potential for Bank-NGO collaboration. Positive recent steps toward increasing Bank awareness have been SPRIE's advisory service, the OD of 1989 (No. 14.70), selected staff or consultant reports,³⁹ and staff training seminars.

³⁹See particularly G. B. Baldwin, op.cit., and Michael Cernea, op.cit.

The ability of Bank staff to identify NGOs seemed reasonably accurate only in the center of our spectrum (see p.8). Some of the staff thought that community associations were quasi-governmental bodies (though these groups were not part of the formal government apparatus) and that political action groups, particularly those close to the communities of beneficiaries, were para-political bodies (though they had no formal political affiliation). Contractor NGOs were often thought to be in the for-profit private sector while cooperatives were treated as a class by themselves, yet much closer to private enterprises than what are commonly perceived to be NGOs. It is likely that the increased exposure of Bank staff to NGOs through operational work will improve their understanding and appreciation of this important category of development agents.

Recommendations:

1. The Bank and NGOs should better understand their respective strengths and weaknesses. This review underscores the need to devote increased resources to understand potential NGO partners from several perspectives: the compatibility of their goals with those of the Bank, their technical expertise and experience, their institutional soundness, and the quality of their relationships with government, other donors, other NGOs and beneficiaries. A considerable amount of work has already been done to compile directories and to analyze country level NGO activities which will no doubt facilitate this task. The Bank's NGO liaison office (SPRIE), as well as many regional offices, resident representatives and others are now collecting

information and facilitating Bank-NGO contacts. The Bank has also begun to furnish more information about its activities to NGOs to improve their understanding of Bank capabilities and limitations and to encourage NGO involvement early in the project cycle. Clearly, further strengthening of these activities will call for an increased allocation of Bank resources.

2. Increase Bank Staff Training. Bank staff working on sectors with potential for collaboration with NGOs should be properly equipped to work with the latter. For example, short-term training may be organized for them to learn more about NGOs and their potential role in Bank projects. (the first seminar using NGO case studies was held by SPRIE in March, the second in October of 1989). Opportunities may be created for Bank staff to meet NGO leaders, and key government officials who have experience in working with NGOs. Staff may also learn from NGO leaders and experts who are invited to join Bank missions in which the former participate.

3. Initiate Sector Work on NGOs. The Bank's knowledge of NGOs can be enhanced through systematic sector work on their operations in selected countries and sectors where they are known to be active, and where the potential for Bank-NGO collaboration seems reasonably bright. In many cases, the related field work and analysis of data can be entrusted to local consultants. Expanded sector work is a cost-effective means for Bank staff to assess the level of development and the strengths and weaknesses of NGOs.

B. The Role of NGOs in Project Work

The NGOs' most valuable contributions to development, namely, their vision and grassroots level experience, have been overlooked in many of the Bank-NGO interactions. The effective development NGO, especially of the policy/advocacy and intermediary varieties, can understand and articulate people's needs and initiate effective action to meet them better than many other agencies. Most of these NGOs act as a bridge between beneficiaries and the outside world imparting new knowledge and motivating people in ways which are compatible with their cultural beliefs and traditions. The communication of project objectives and procedures to beneficiaries and of beneficiaries' values and behavior to project managers, the provision of services to beneficiaries so as to assure their effective utilization, and the sustainability of project achievements through their incorporation in the beneficiaries' culture are dimensions to which both the Bank and NGOs attach the greatest importance. NGOs' strengths in these areas can be fully drawn upon only when they are able to play a more active role in Bank projects.

In the past, NGOs were used in Bank projects primarily (in 57 percent of the cases) as implementors. Those involved in project design and planning accounted only for 11 percent of the cases. Some types of NGOs such as community associations have had very limited involvement in Bank projects. An unintended consequence of this approach is the tendency to limit NGOs to the role of service providers though their strength lies in long-term community development. This has led to a mismatch in several Bank projects between the comparative advantage of NGOs and the roles prescribed for them by

the Bank. On the other hand, where NGOs were identified with great care and their potential capabilities in given project contexts were systematically evaluated, there emerged a better fit between the NGOs and Bank projects. The role of local development associations in the YAR education project and that of FUNDASAL in the El Salvador second urban development project illustrate this point.

Recommendations:

1. Involve NGOs Further Upstream. As noted above, NGOs generally become involved in Bank projects during implementation. Yet, it is in the planning and design stages that the NGO's distinct experience and vision can best be brought into the decision making process regarding projects. This is particularly true of community associations and policy advocacy NGOs. The NGO can be more effective during project implementation especially if it had a prior role in the design stage.
2. Develop Creative Financing Mechanisms. Experience with NGOs has shown that the funding arrangements typically used for private, for-profit entities often hinder NGO participation in projects. NGOs' typically under-capitalized financial structures and non-profit orientation point to the need for more flexible funding mechanisms. A revolving fund, for example, can make advances available to them so as to facilitate disbursements to local beneficiary groups in time (e.g., distribution of agricultural inputs). Balancing accountability with autonomy requires carefully negotiated agreements between the borrower, the Bank, and the NGO as to expenditure

approval and disbursement processes for payments through special accounts and funds, government-NGO contracts, or other appropriate mechanisms.

3. Learn from NGO involvement in projects. Much of what the NGO imparts in a development project are the intangible yet important inputs of motivation, education, and organization. The ways in which an NGO interacts with and influences beneficiary response deserve to be noted and replicated. Participant observation, in particular, can assist development managers in gaining an appreciation of the attributes of the NGO that facilitate sustainable development.

C. The NGO-Government-Bank Triad

The Bank primarily lends to governments. The involvement of NGOs in Bank operations, aside from policy dialogue and informal consultations, comes with the approval of borrowing governments. The relationship between NGOs and governments in many of the projects reviewed (TKV/Turkey, PRODELs/Zaire, CARE/Sierra Leone, Dairy Coops/India, Dian Desa/Indonesia) moderated project success, despite which most NGOs performed reasonably well. The problems were diverse: rivalry and jealousy among NGOs, NGO dissatisfaction with the contractor role, corruption, etc. In most cases the Bank's influence on the situation was limited. In the present study, for example, only one of the 24 projects reviewed, the Yemen Arab Republic Second Education Project, demonstrated a harmonious mutually supportive relationship among the NGO, the government and the Bank. Too often NGOs, governments and donors have come together without a shared understanding of their mutual

relationships in the project context. The linkages among NGOs, Government, and the Bank need to be strengthened in the interests of project effectiveness and sustainability.

Recommendations:

1. Provide institutional assistance to both NGOs and governments to better enable each to deal with the other for development ends. Many NGOs in all five categories have institutional needs--financial, administrative, managerial--which could be addressed by specific forms of technical assistance in accounting, record keeping, monitoring and evaluation, etc. Well-managed NGOs in turn will be better able to collaborate with governments. Similarly, governments may need assistance in improving their capacity to work effectively with NGOs by, for example, setting up public information or NGO-liaison offices, and recruiting persons with NGO experience for public agencies.

2. Strengthen Bank-NGO Dialogue. Effective involvement of NGOs in relevant Bank projects will require seeing the NGO as a development institution in its own right. With the recent emphasis given by Bank senior management on the incorporation of NGOs in Bank work, many managers and staff have started to make the operational and policy adaptations necessary for effective collaboration with NGOs of all types. The Bank is making a concerted effort to draw on NGO expertise in crucial policy areas such as environmental impact, community initiatives, developing country debt, microenterprises, and structural adjustment, among others. Increasing

communication with NGOs through the Bank-NGO Committee, NGO consortia, and meetings at the regional or national level further opens channels between the Bank and NGOs worldwide. In this climate of growing mutual interest in collaboration, the Bank should give serious consideration to a proactive brokering role through the sponsorship of occasional conferences and workshops for the dissemination of innovative NGO experiences and development perspectives. As governments, NGOs, and the Bank come to appreciate their common goals and distinct characteristics, the foundation is being formed for sound partnerships and lasting development.

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APPENDIX A

FINAL LIST: 24 COLLABORATIVE PROJECTS SELECTED FOR INDEPTH STUDY

PROJECT	EFFECTIVE DATE	SECTOR	NGO	NGO TYPE	FORM OF INVOLVEMENT	PROJECT OBJECTIVES	OBJECTIVES OF NGO INVOLVEMENT
ASIA							
1) BANGLADESH: Second Population and Family Health Project CN 0921	1979	Population/ Health	PLENTY	I	Adviser	Improve health and family planning services	Conduct feasibility study on use of two-way radios, especially to link field workers with rural health centers
				I	Implementor		Develop and test new implant contraceptive
				GR	Implementor		Develop income-generating projects, educate members in family planning
2) INDIA: National Dairy Project CN 0024	1978	Agriculture	Dairy Cooperative Societies	II	Implementor	Develop integrated program for increasing milk production	Purchase equipment, construct milk plants, storage and marketing facilities, research, train staff
3) INDONESIA: Yogyakarta Rural Development Project CN 0946	1979	Agriculture	DIAN DESA VIS	II	Implementor/ Adviser	Improve ability of provincial government to implement effective area development programs in poverty areas	Construct rainwater catchment tanks; develop site selection criteria, train local artisans, encourage community participation
4) PHILIPPINES: First Urban Development Project (Tondo foreshore) LN 1272	1976	Infra/ Urban D - .	ZOID	GR	Adviser/ Implementor	Assist low income families through slum improvement, provision of services sites, employment opportunities, etc.	Advise as members of social task force, manage health education, nutrition, youth center programs
EMENA							
5) TURKEY: Fifth Livestock Development Project LN 1842	1980	Agriculture	Development foundation of Turkey (IKV)	II	Adviser/ Implementor	Improve livestock resources through facility construction, disease control, insemination, credit provision	Select and train staff, analyze marketing and production, carry out field work, monitor operation
6) YAR: Second Education Project CN 0831	1978	Education/ Training	Local Development Associations (LDAs)	GR	Adviser/ Implementor	Develop vocational training programs, train primary school teachers, offer basic skill and literacy courses	Plan curriculum at district level, provide technical assistance to district training centers

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PROJECT	EFFECTIVE DATE	SECTOR	NGO	NGO TYPE	FORM OF INVOLVEMENT	PROJECT OBJECTIVES	OBJECTIVES OF NGO INVOLVEMENT
LAC							
7) BOLIVIA: Urban Development Project LN 1489	1979	Infra/ Urban Dev.	community groups	GR	Implementor	Provide water, sewage, housing primary health care to urban communities	Implement community development projects, construct community facilities, target cost-recovery
8) BRAZIL: Northeast Rural Development I Project LN 2523	1985	Agriculture	unions, coops, local NGOs	GR	Designer/ Implementor	Improve standard of living for low-income farm families, increase agricultural production, encourage small-scale industries	Plan and implement local training programs, legal assistance, group developmental activities
9) EL SALVADOR: Second Urban Development Project CN 0726	1977	Infra/ Urban Dev.	FSVM	II	Implementor	Provide sites and community facilities, fund expansion of small industries	Continue existing programs to develop serviced sites, select beneficiaries, encourage self-help, develop community
10) GUATEMALA: Earthquake Reconstruction Project LN 1314-GU & 1315-GU	1976	Infra/ Urban Dev.	FENACDAC	II	Implementor	Reconstruct housing, education, transportation damaged in earthquake	Administer loans for small enterprise development

PROJECT	EFFECTIVE DATE	SECTOR	NGO	NGO TYPE	FORM OF INVOLVEMENT	PROJECT OBJECTIVES	OBJECTIVES OF NGO INVOLVEMENT
AFRICA							
11) KENYA: Integrated Rural Health and Family Project CN 1238	1982	Population/ Health	Family Planning Association of Kenya (FPAK)	II	Adviser/ Implementor	Strengthen rural health services with emphasis on family planning through education and construction of facilities	Implement information and education activities, community-based contraceptive distribution
			Kenya Catholic Secretariat (KCS)	II	Adviser/ Implementor		Promote understanding of population problem among Catholics and teach ovulation method. Help coordinate upgrading of health centers
			National Christian Council of Kenya (NCCK)	II	Adviser/ Implementor		Develop curriculum and train teachers in family life development
			Maendeleo ya Wanawake	II	Adviser/ Implementor		Train field staff, leaders, and members in maternal/child health care, family planning, CBO
			Protestant Churches Medical Association (PCMA)	II	Adviser/ Implementor		Disseminate family planning information to students and out-of-school youths. Help coordinate upgrading of health centers
			Salvation Army	II	Implementor		Disseminate family planning information to youths, men
12) LIBERIA: Second Education Project LN 1266	1976	Education/ Training	CARE	I	Adviser/ Implementor/ Co-financer	Finance the construction, furnishing, and equipping of primary schools, train teachers, publish educational materials	Construct schools, build local capability to do small-scale construction, develop self-help initiative
13) ZAMBIA: Lusaka Squatter Upgrading and Sites and Services Project LN 1057	1976	Infra/ Urban Dev.	American Friends Service Committee	I	Implementor	Finance squatter upgrading, sites and services, infrastructure, land acquisition	Provide technical assistance, training, equipment, vehicles
14) ZAIRE: Fifth Highway Project CN 1290	1982	Infra/ Urban Dev.	ORT	I	Adviser/ Implementor	Build and maintain roads and ferries	Continue technical assistance

PROJECT	EFFECTIVE DATE	SECTOR	NGO	NGO TYPE	FORM OF INVOLVEMENT	PROJECT OBJECTIVES	OBJECTIVES OF NGO INVOLVEMENT
15) SIERRA LEONE: Eastern Integrated Agricultural Development Project III CN 1096	1981	Agriculture	CARE	I	Implementor	Increase food and export crop production through credit input supplies and extension services	Construct penetration roads
			Opportunities Industrialization Centers, Int'l, Inc. (OIC)	I	Implementor		Train management staff of training center, instructors, technicians
16) CAMEROON: Western Highlands Rural Development Project CN 0784	1981	Agriculture	UCCAD/member coops	II/GR	Implementor	Improve agricultural productivity with provision of inputs, techniques, infrastructure	Channel inputs, credit, etc., to local cooperatives
17) GHANA: Water Supply and Rehabilitation Project CN 1342	1983	Infra/ Urban Dev.	Public Administration Services	I	Adviser	Improve water supply and system maintenance, strengthen managerial capabilities	Strengthen institutional structure of water utility
18) RWANDA: Gitarama Agricultural Project and Minagri Institutional Project CN 1649	1985	Agriculture	Banques Populaires	II	Implementor	Stimulate agricultural production, improve management practices	Provide small individual loans to agricultural sector, identify and monitor new credit opportunities
			Cooperative Service Center in Gitarama	II	Implementor		Train cooperative managers and provide technical assistance
			cooperatives	GR	Implementor		Administer credit, organize input purchase, marketing, etc.
19) ZAIRE: Ituri Livestock Development Project CN 697 & CN 1325	1977	Agriculture	livestock producer associations (PRODELS) ACCOPELI (coop federation)	GR	Implementor	Rehabilitate veterinary and animal production services, improve marketing	Manage dips, communal pastures, defend herdsmen's interests

PROJECT	EFFECTIVE DATE	SECTOR	NGO	NGO TYPE	FORM OF INVOLVEMENT	PROJECT OBJECTIVES	OBJECTIVES OF NGO INVOLVEMENT
SPECIAL							
20) TOGO: NGO Collaborative Project SPPF-6006	1985	All	Local and National NGOs	II	Implementor	Establish joint government-NGO mechanism to process official financing of NGO projects	Implement small rural development projects
21) INDIA: Narmada River Development--Gujarat Sardar/Sarovar Dam and Power Project LN 2497/CN 1552	1985	Agriculture	local and international NGOs	II	Adviser	Construct Sardar Sarovar Dam, associated irrigation and drainage systems	Offer criticism and advice to Bank and government concerning problems of tribal exiles, environmental impact of dam
22) INDONESIA: Transmigration Projects (4 & 5) LN 2200 & LN 2507	1983 1986	Agriculture	local and international NGOs	II	Adviser	Relieve population pressure on primary urban areas by offering incentives to relocate	Advise on resettlement issues, environmental impact of new community development
23) BRAZIL: Electric Power Sector Loan (Itaperica) LN 2720 and Resettlement and Irrigation Project LN 2883	1986	Industry/ Energy	local and international NGOs	II	Adviser Adviser	Rehabilitate power sector (adjustment loan)	Advise Bank on environmental and resettlement issues connected with power sector rehabilitation, mobilize indigenous people
24) MALI: Health Development Project CN 1422	1984	Population/ Health	Medicus Mundi L'Association pour le Developpement d'une Architecture Naturel et d'un Urbanisme Africain (ADM/A)	I II	Co-financer/ Implementor Designer/ Implementor	Develop health facilities and skills through construction and Health Centers, in-service training for health workers, etc.	Finance technical assistant to help design and implement training programs for rural health workers Design and use stabilized-soil construction technology to build 21 health care centers

CASE STUDY

KENYA: INTEGRATED RURAL HEALTH AND FAMILY PLANNING PROJECTS

Over 15 NGOs are now tied into Kenya's official efforts to provide information and family planning services to control population growth. Under the auspices of the National Council for Population and Development under the Ministry of Home Affairs, about half of these organizations are the recipients of World Bank funds.

In appraising Population II, Bank staff searched for ways to improve the performance of Population I, which had failed to stem a population growth rate increase. Shortcomings were identified as inadequate commitment of Ministry of Health officials to the family planning program, heavy concentration on the supply of services relative to activities stimulating demand, and excessive reliance on Ministry of Health for management and implementation. To integrate the community education activities of NGOs, Bank staff began to encourage discussions between several major church-related NGOs and MOH.

It was decided that the project would support creation of the National Council for Population and Development (NCPD), which would coordinate information and education activities to create demand for family planning, thereby complementing MOH service-delivery. GOK was responsive to the idea, realizing its own limitations in reaching people at the local level and anxious to bring NGO health and family planning activities under one umbrella. The five NGOs which had been involved in planning, plus one other,¹ were invited to be members of NCPD and thus to receive Bank funding. Additional NGOs could participate as they developed workable proposals.

NGO activities include training teachers and church leaders to teach family life education and family planning to youth, to train community leaders to run workshops, to instruct couples about Natural Family Planning, to operate family planning clinics, and to distribute contraceptives. Each organization continues to function on its own operating principles, reporting quarterly to NCPD.

The NGOs feel that the NCPD is their creation, especially since it required much NGO assistance in the early days. The government-appointed director--and most of the appointed staff--had no background in family planning. There have been improvements as staff turnover has lessened and experience has increased, but NGOs continue to express concern that the

¹The NGOs involved in Population II are the Christian Health Association of Kenya, Family Planning Association of Kenya, Kenya Catholic Secretariat, Maendaleo Ya Wanawake, National Council of Churches of Kenya, and the Salvation Army. In Population III, Bank funding was extended to support the Kenya National Teachers Association and the Kenya Medical Association.

coordination functions are not well-developed, in particular the geographical delineation of project areas. NCPD tends to dominate the relationship through an inflexible, often inefficient budget process and a generally paternalistic attitude.

NGO-government coordination happens more often and with better results at the district and local levels, where coordination is informal, stimulated by personal relationships and the need to share resources. Local leaders serve on selection panels for community family planning agents and are often NGO-trained themselves. Some work to mobilize community interest, often using NGO materials and resource people. National officials are more concerned with macro policy issues and delineation of responsibilities along Ministry lines.

NGO coordination with other NGOs at the national level is facilitated by quarterly meetings. Local level coordination tends to be unstructured and sporadic. While there is considerable sharing of information and education materials, geographical delineations of activity are hit-and-miss. This overlap is not always a concern, however, as some NGOs concentrate on family life education without providing services, while others concentrate on service-delivery.

Many of the NGOs have experienced some organizational strain as they have expanded family planning programs on top of their other activities. The volunteer base on which many of them depend is considered a continuing weakness for both implementation and sustainability. Maintaining motivation in a volunteer agent is difficult when there are few resources--both staff and vehicles--to spare for constant supervision. Additionally, observation in the field revealed that volunteers often take on many more responsibilities than anticipated, for example, counselling youth and parents not only on family planning, but also on the social problems which trigger sexual irresponsibility. Community contraceptive distributors may find their rounds taking up to three times longer than anticipated.

As the Population projects progress, more is learned about government-NGO relationships and the Bank's role in catalyzing their development. The NCPD experience will provide a successful model of implementation within a trilateral relationship.

CASE STUDY

TOGO: NGO COLLABORATIVE PROJECT

The Togo project is the Bank's first free-standing NGO support project. Initiated with a \$500,000 Special Project Preparation Facility (SPPF) in 1985, this pilot attempt to coordinate, train, and fund indigenous NGOs has been much scrutinized. The lessons learned during the trial period contributed to a solid appraisal of what is to be a \$4 million Grassroots Development Initiative Project (GDIP). Other projects working to integrate NGO participation have also benefitted from this experience.

The Bank selected Togo for its pilot NGO project based on several initial perceptions of the environment: 1) there was a very vocal and active umbrella organization, CONGAT, which claimed to represent the entire NGO community, and indeed, had been channelling funds for a number of other donors, 2) the international NGO community was active, 3) there were a number of active local NGOs, and 4) the Government appeared to take a non-competitive, cooperative approach to working with NGOs. In fact, it had already initiated a Program for Participatory and Local Development (PDLP) in which NGOs were to be integrated.

These perceptions were not borne out in several key respects. CONGAT did not act as a legitimate umbrella organization, primarily because it had developed its own service branch which competed with member NGOs for donor funding. Many NGOs resented CONGAT's self interest and the dependence that resulted from CONGAT control of funds. These formed a separate federation (SLONG) in opposition to CONGAT and its outspoken director. Though the two eventually joined to form FONGTO, which now coordinates NGO activities and training programs, the CONGAT director continued to create negative publicity about the project.

Local NGOs proved to be relatively weak. The first two pilot projects, for example, were either unsuccessful or long-delayed because there had been little analysis of the groups' institutional capacities. However, though disheartening at the time, this knowledge supported development of a fund within GDIP for technical assistance to NGOs requiring managerial and financial skills to be eligible for project funding. Furthermore, for GDIP, Government, NGOs, and the Bank have delineated specific eligibility criteria, in order to identify NGOs in need of prior technical assistance and cull out groups without legitimate claims to NGO status.

While the Government has expressed support for the project throughout, government and NGO representatives have had to put great effort into creating a workable coordinating mechanism. A number of the bureaucratic obstacles which initially troubled the project have been removed. The PDLP division, which now serves as secretariat to the Steering Committee and

maintains a data base of NGO activities, was originally responsible for day-to-day project management. Its lethargic approach stimulated increased activity from the Steering Committee, an advisory body composed of NGO representatives and government officials, with the close association of the Bank's Resident Representative. Thus the Steering Committee is now the legitimate coordinating body under GDIP, reviewing and selecting project proposals.

In summary, though the SPPF was plagued with too little analysis of institutional capacity and political context, and too much international attention, sustained enthusiastic efforts on the part of Government, Bank and NGOs is expected to lead to a successful and innovative project which should offer worthy lessons for replication elsewhere.

CASE STUDY

GUATEMALA: EARTHQUAKE RECONSTRUCTION PROJECT

FENACOAC is a federation of 69 savings and loans cooperatives, all but one of which are in rural areas of Guatemala. The federation received 3.7 million dollars from the project to onlend through its member cooperatives to micro-enterprises. By all accounts, FENACOAC was responsible for making this component one of the more successful in the project.

Responsibility for micro-enterprise loan administration was initially given to BANVI, the national housing bank. However, after two or three years, it became apparent that BANVI, accustomed to working with large industrial loans, had little interest in administering small-enterprise funds. In searching for an alternative implementing institution, Bank project staff identified FENACOAC as an organization with both knowledge of local needs and experience in small-enterprise support. Because it was known to be generally unsympathetic to the government, officials were unenthusiastic about FENACOAC's involvement. Bank management felt that the federation's track record did not show sufficient experience. However, as there were few alternatives, FENACOAC was selected.

The program got off to a slow start: FENACOAC was conservative in its onlending policies, primarily because it realized that the cooperatives required managerial and technical assistance to prepare proposals and implement projects. Once FENACOAC hired additional staff to work with its members, the federation was able to disburse all funds. More significantly, there has been an almost 100% recovery rate from the entrepreneurs. There are a number of factors which lay behind this success:

- 1) Low interest rates. FENACOAC borrowed from BANVI at four percent and loaned to its member cooperatives at 9%, which onlent to the ultimate borrowers at 12%, 4% below the prevailing private bank rate.
- 2) Little collateral requirement. Due to the frequent interaction between the cooperatives and their members, there was far less collateral required by the cooperative than by the more distant, formalistic private banks.
- 3) Proximity to the beneficiaries. The network of cooperatives affiliated with FENACOAC penetrated into the rural communities far more than any of the private banks--or certainly BANVI with its one central office in Guatemala City. To many low income Guatemalans, the local cooperative is the only credit institution they know.

The primary benefit of the FENACOAC Credit Program was income rather than employment generation, not inconsequential considering the income level reached by this project. The average household income of the project beneficiaries was \$94 per month, or \$1130 per year, well below the median income level for the country. It appears that many of the borrowers are self-employed, one-man operations; the average number of workers was reported to be two to three, including the owner.

CASE STUDY

BOLIVIA: FIRST URBAN UPGRADING PROJECT

The Bolivia urban development project included one of the more successful Bank-sponsored slum-upgrading projects. Much of this success is due to the active participation of the La Paz community associations, whose leaders were essential to the residents' involvement in planning and implementation.

During appraisal, Bank project staff identified the pre-existing community groups as important to success, realizing that no "self-help" or cost-recovery scheme should be implemented without community approval and participation. A project implementation unit (HAM-BIRF) was spun off of the La Paz mayor's office, staffed by several dynamic and competent individuals who worked as liaison between the Bank/Borrower and residents. It was HAM-BIRF's responsibility to relay to communities their upgrading options and the costs of each, the amount of work and money that residents would be expected to contribute, work schedules, etc. Since the project required complete community agreement on upgrading before any individual would be assisted, HAM-BIRF was to ensure that communities were entirely committed.

The community associations function essentially as small units of collective government, but they are not functionally part of the La Paz municipal government (though sometimes they may be politically affiliated with municipal officials). They served as agitators for services years before the government requested Bank assistance.

The political context of the project changed several times during the course of implementation. Government cooperation tended to ebb and flow with the priorities of oft-changing officials. Political maneuverings during one election set the project back almost three years. Politicians played communities against one another and against HAM-BIRF to curry constituent support. Communities not scheduled for upgrading were told of what other neighborhoods were to receive and promised similar opportunities, and communities which had already agreed to repayment plans were told that they were entitled to these services, which they would receive free if a certain candidate were elected. This turn of events was damaging to the project, especially since most communities were very close to signing the final contract and beginning implementation.

As it became apparent that promised services were not going to materialize, a community leader with foresight mobilized his community to agree to the project's terms. More and more communities signed on as residents saw visual proof of the potential benefits.

The primary problems, identified during a beneficiary assessment, centered on an insufficient information flow between project staff and residents. For example, service installment was often delayed for reasons beyond the control of HAM-BIRF, yet because residents were not informed, they

tended to blame the project. Additionally, residents felt dissatisfied because certain things had not been accomplished, though these things had not been part of the agreements in the first place--a fact which should have been clarified to the communities. Another problem was lack of attention to renters, many of whom, being relatively invisible and lacking in political clout, had their situations worsened by the upgrading.

Overall, the community association participation component of this project was particularly successful: residents worked to improve their homes, pave/lay gravel on streets, install water supplies and toilets, and make other improvements. Their neighborhoods are now considered part of the city proper.

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