

**Cooperation between the World Bank and NGOs
FY97 Progress Report**

**NGO Unit
Social Development Department
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I. INTRODUCTION

1. The annual report on Cooperation between the World Bank and NGOs has been produced by the NGO Unit for the past 15 years. It provides an overview of the Bank's work with NGOs to Bank management and staff, NGOs, interested government agencies, and the development community. The following report is a review of the Bank's experience working with NGOs during FY97. Its main message is that, in order to better understand the needs and priorities of local populations and to ensure that these are reflected in Bank-financed development operations, the Bank has intensified its relations with NGOs and other civil society organizations.

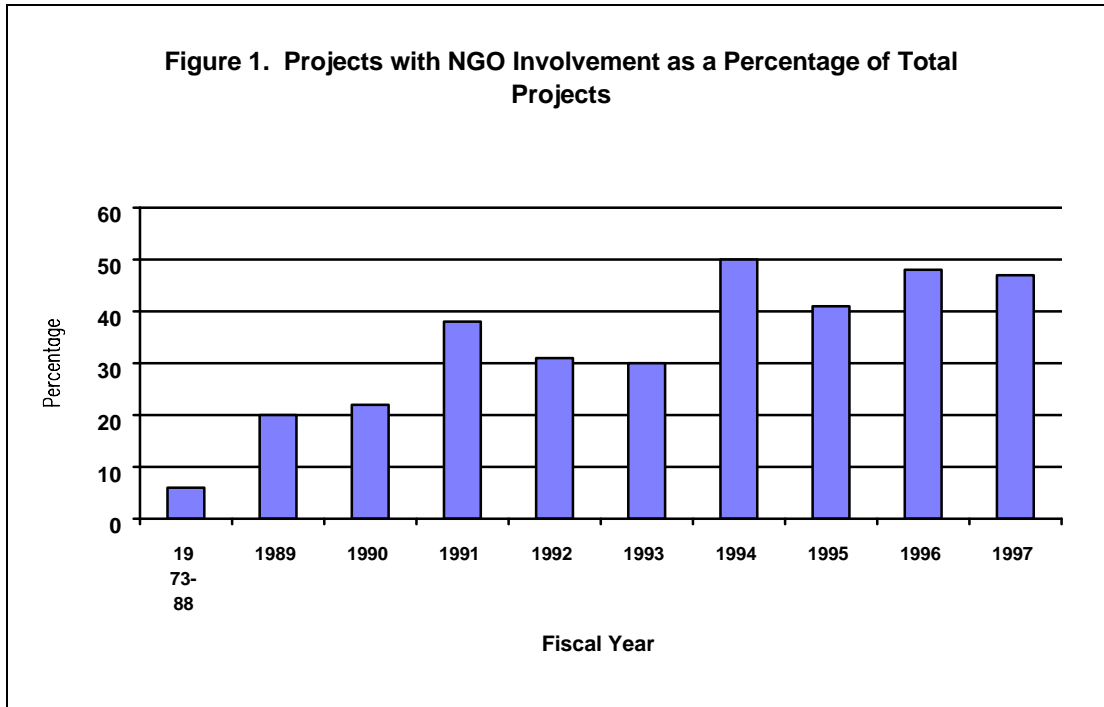
2. The Bank continues to follow the three-pronged approach set out in "NGOs and the Bank", 1996: strengthening operational collaboration; improving dialogue on development policy; and helping improve the effectiveness of NGOs in developing countries, especially by fostering a more enabling policy environment in which they are able to flourish and play a healthy, active role in development. A considerable effort has been made to enhance the emphasis on relations with developing-country NGOs at the local level. This is in keeping with the Bank's current decentralization process.

II. OPERATIONAL COLLABORATION

Quantitative Summary of Bank-NGO Collaboration in FY97

3. Since the mid-1980s the World Bank has made significant effort to deepen its collaboration with, and understanding of NGOs and civil society organizations in its client countries. The number of projects approved each fiscal year that involve NGOs has increased steadily in the 1990s. The review of appraisal reports for projects approved in the fiscal year indicates - as with the previous year - nearly half of all Bank projects involved or planned the involvement of NGOs or community based organization (CBOs). Of the 241 projects approved by the Board, 112 (47%) had involved or would involve NGOs to some degree. As greater numbers of projects with NGO involvement are approved each fiscal year, the proportion of such projects in the total portfolio is rising. At the end of FY97, 38% of all active projects involved NGOs, up from 35% at the end of FY96. (See Figure 1).

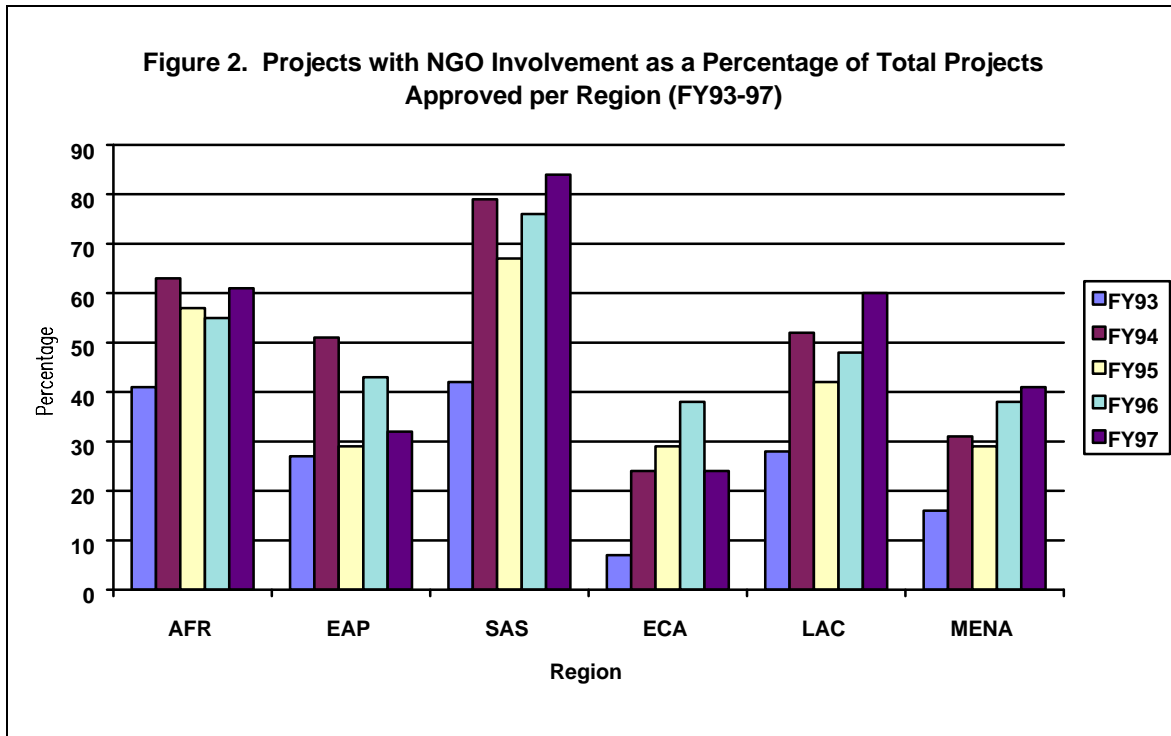
Figure 1. Projects with NGO involvement as a Percentage of Total Projects (FY73-97)



a) Regional and Sectoral Trends

4. The distribution of Bank projects involving NGOs by region has remained consistent over the past several years. The greatest proportion of such projects continues to be found in the South Asia, Africa, and Latin America and Caribbean (LAC) regions. In FY97, projects involving NGOs approved in these regions accounted for 84%, 61% and 60% of the portfolio respectively. (See Figure 2).

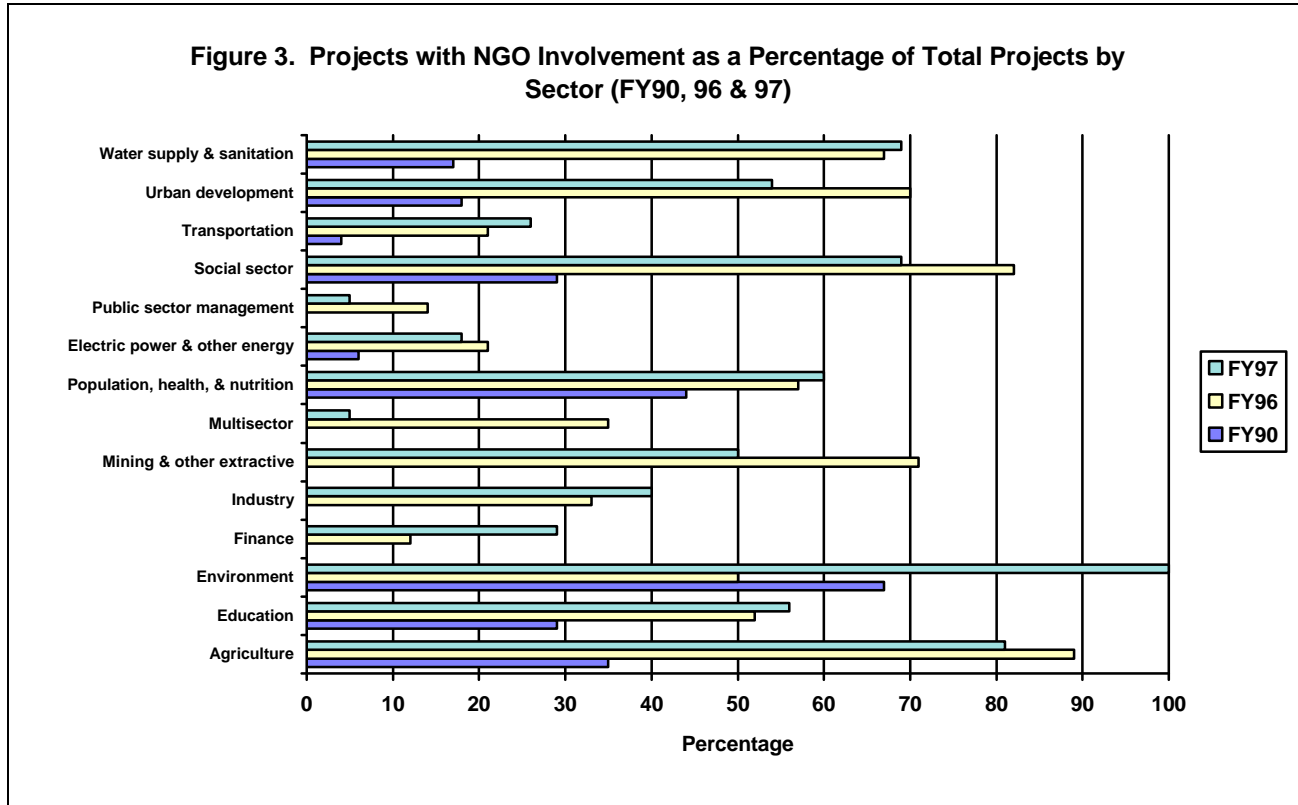
Figure 2. Projects with NGO Involvement as a Percentage of Total Projects by Region (FY93-97)



5. Similarly, the Agriculture, Education, Population, Health and Nutrition (PHN) and Social sectors - where NGO involvement has been traditionally more prevalent - continue to represent the highest proportions of projects with NGO involvement. Figure 3 illustrates the percentages of total projects with NGO involvement *by sector*. Eighty-one percent of all projects in Agriculture involved NGOs, while 56%, 60% and 69% did so in the Education, PHN and Social sectors respectively. In recent years, the area of Water Supply and Sanitation (WSS) has seen significant growth in the involvement of NGOs, and particularly CBOs. Only 18% of WSS projects involved NGOs in FY90, whereas 66% and 69% did so in FY96 and FY97. Local-level CBOs in particular participate in the design, operation and maintenance of community-level activities, and often assume responsibility for and ownership of them during the life of the project. Each of the 12 projects in the environment sector provided for the involvement of NGOs to some extent.

6. It is also worth noting the greater involvement of NGOs in sectors where this was not previously typical. Figure 3 demonstrates an increasing trend in the transportation and urban development sectors - 26% and 54% respectively - where NGOs are now often included to help mitigate possible negative aspects of the projects.

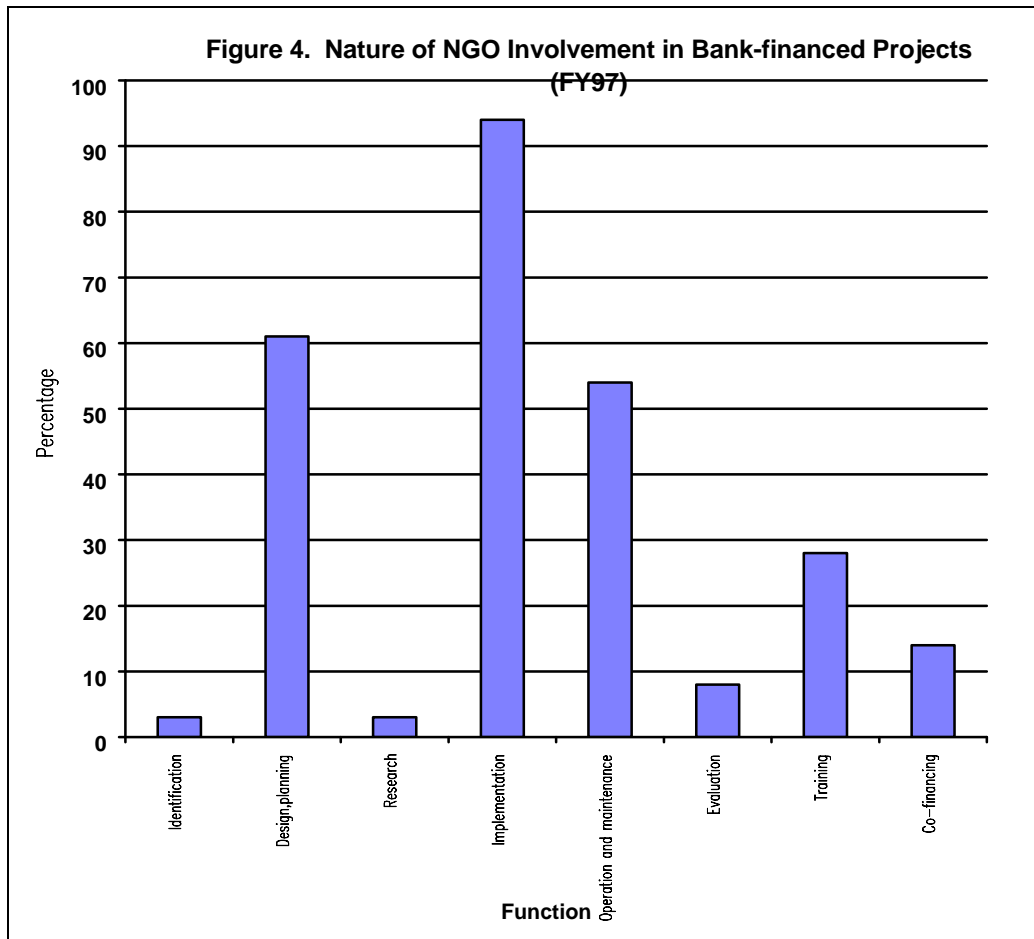
Figure 3. Projects with NGO Involvement as a Percentage of Total Projects by Sector (FY90, 96 & 97)



b) Nature of NGO involvement

7. NGOs are involved at different stages of the project cycle and often provide a clear advantage in their ability to represent needs, priorities, and concerns of project beneficiaries. Historically, NGO involvement has been most prevalent during project implementation, and in the operation and maintenance (O&M) of project components or investment activities. This is reflected in Figure 4, which illustrates that 94% and 54% of projects involving NGOs do so in the implementation or O&M stages respectively. Further, the more recent trend of increased upstream involvement of NGOs in project preparation over the past several years is reinforced in FY97. This year, 60% of NGO involvement was initiated during the *design stage*, up from 42% in FY96.

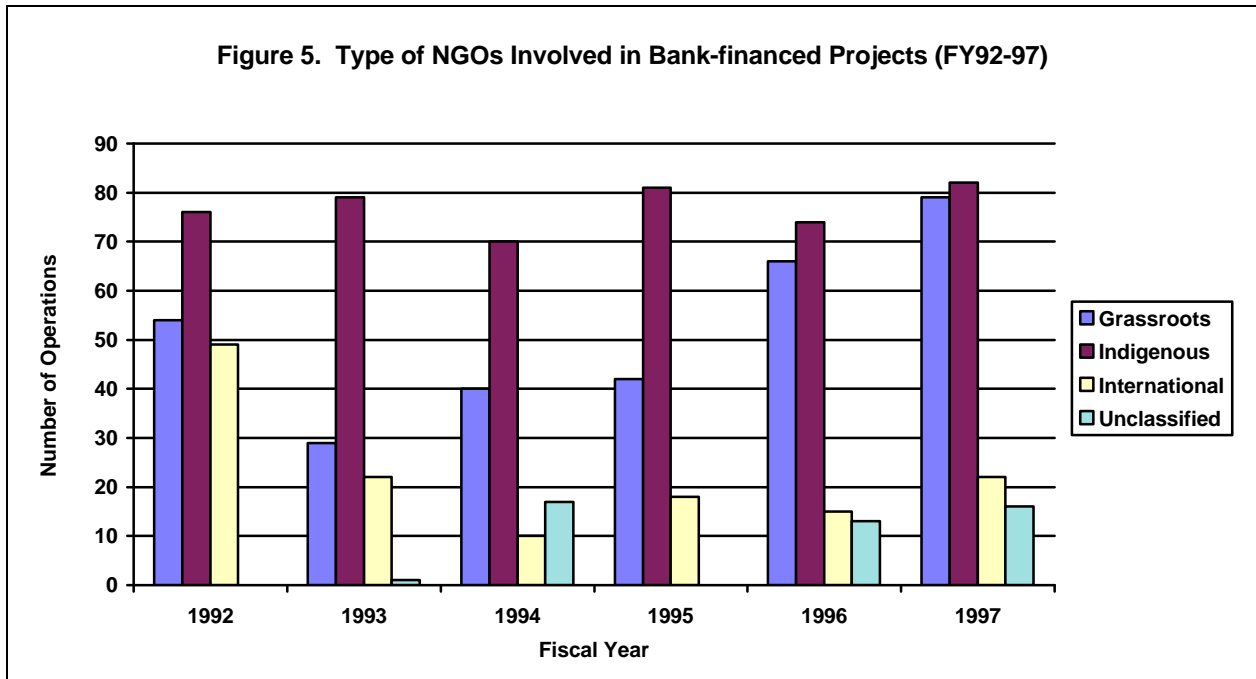
Figure 4. Nature of NGO Involvement in Bank-financed Projects (as a percentage of total NGO involved projects)



c) Type of NGO

8. To emphasize local knowledge and participatory development, the Bank has placed greater importance on involving *national and local-level* NGOs in its work. Figure 5 illustrates this trend, and indicates that 82% of all projects involving NGOs included local NGOs in FY97. The involvement of *community based organizations* has shown a particularly marked increase. This fiscal year, 79% of NGO-involved projects included newly created or existing CBOs, up from 66% in FY96. Moreover Bank operations are increasingly including *both* CBOs which represent local priorities and concerns, and intermediary organizations with technical experience in the relevant sector. In FY97, 59% of NGO-involved projects, incorporated both CBOs and formal NGOs (either national or international NGOs), up from 49% in FY96.

Figure 5. Type of NGOs involved in Bank-financed Projects (as a percentage of total NGO involved projects) - FY92-97



d) Annual Report on Portfolio Performance

9. As NGO involvement becomes more prevalent in Bank operations, there is greater interest in identifying means to evaluate NGO effectiveness and impact on project performance. One measure is through analysis of the Annual Report on Portfolio Performance ratings. The total set of projects which involved NGOs in FY97, fared slightly better than those that did not (26% to 28% “at risk” respectively). It is interesting to note that the portfolio as a whole fared better in FY97. At the end of the fiscal year, 26% of the Bank’s projects were identified to be “at risk” - down considerably from 32% last year.

10. As was the case in FY96, the contribution of NGOs to project effectiveness is more visible in the agriculture, PHN and social sectors. Of the total projects in these sectors, 26% of those which involved NGOs were found to be at risk, as compared to 31% of those that did not. Although this spread is less pronounced than in FY96 (26% to 45%), this is most likely due to the improvement in the portfolio as a whole. When Water Supply and Sanitation projects - which have illustrated strong growth in the involvement of NGOs in the past three years - are added to this aggregate in FY97, the figures illustrate further the reduced risk of those projects with NGO involvement compared to those without (26% 36% at risk respectively).

Promoting Bank-NGO Collaboration

11. The Strategic Compact, approved by the Bank's Board of Directors in March 1997, placed a new emphasis on social development. Shortly before this, the NGO Unit joined the Social Development Family in the Environmentally and Socially Sustainable Development (ESSD) Network, as part of the Bank's restructuring. From its home in the Social Development Anchor the NGO Unit collaborates closely with NGO Specialists in the Resident Missions and NGO contact people in the Regions who are also members of the Social Development Family. Further, in keeping with the network system's focus on internal partnership, an NGO Thematic Team has been developed to help coordinate the on-going efforts in each of the networks regarding Bank-civil society relations.

12. The cornerstone to the Bank's collaboration with NGOs is continued strengthening of Bank-NGO partnership and dialogue at the field level.

a) Strengthening NGO Relations at the Local Level

13. As the Bank increases its emphasis on participatory development practices, it needs to acquire greater familiarity with civil society organizations that articulate and respond to the needs and priorities of the poor and other vulnerable groups. In order to develop effective partnerships with these organizations, the Bank needs to better understand their comparative strengths and weaknesses, management and implementation capacities, and the extent to which they represent their respective constituencies.

14. In order to *guide and facilitate* the growing interaction between the Bank and civil society organizations, NGO Specialists have been appointed in Resident Missions. Local knowledge of the NGO sector is essential in order to build strong partnerships which will contribute most effectively to participatory development, poverty reduction and social inclusion. The NGO Specialists have grown to represent a considerable proportion of the Bank-wide Social Development Family. Since the earliest appointments in 1995, the number of NGO Specialists has increased. At the end of FY97, 63 Resident Missions had staff specifically assigned to work with NGO/Civil Society issues.

15. Although regions use titles ranging from NGO Specialists (Africa), Social Analysis & NGO Specialists (LAC), Community Development Specialists (Asia) to External Affairs Officers (ECA), at least one primary responsibility of these staff members is to encourage regular and systematic communication, collaboration, and dialogue with NGOs and other civil society organizations at the local and regional level. In addition to facilitating consultation and collaboration with NGOs in many Bank financed projects, NGO Specialists have also played a crucial role in involving civil society in the Country Assistance Strategy (CAS) process, and in Economic and Sector Work (ESW). Through numerous initiatives, NGO Specialists have also helped governments to develop fora for government-NGO-Bank dialogue on policy issues and to identify ways to improve their relations with NGOs.

NGO Specialists Global Learning Forum

16. An important contribution to the strengthening of Resident Mission capacity to engage with and learn from civil society in client countries was the NGO Specialist Learning Forum held in Washington in May, 1997. The Forum, organized by the NGO Unit, brought together for the first time 47 staff working primarily on NGO issues in the various Resident Missions around the world. The Forum was designed to enhance the technical capacities of the Specialists as well as to provide an opportunity for them to meet as a professional community. They also had the opportunity to meet with Executive Directors and senior management. In his meeting with the Specialists, President Wolfensohn listened to their ideas, successes and frustrations, commended them on their work, and reinforced the essential nature of their role in ensuring targeted, sustainable development that addressed the needs of the poor.

b) Social Investment Funds

17. Since the success of the first Social Investment Fund (SIF) in Bolivia in the late 80s, the Bank has been working with borrower governments to utilize the social fund model as a mechanism for financing small-scale, demand driven and participatory development projects in client countries.

18. The first conference on Social Investment Funds was held in May 1997, and was organized through the joint efforts of the NGO -World Bank Committee, several NGOs and foundations, and EDI, the Quality Assurance Group, and the Poverty and Social Policy Department within the Bank. The purpose of the SIF Conference was to bring together practitioners of Social Funds to take stock of the experience in implementing such programs over the past decade; establish consensus around their main achievements, weaknesses and risks; agree upon a number of recommendations for improving existing programs and the design of future programs, and to facilitate the integration of international and regional networks of social funds. In preparation for the conference, a paper on impacts of Social Funds was prepared by the PREM Network. The aim of the Social Fund Portfolio Review was to assess the factors influencing quality at entry and to review the experience of implementing Bank-financed Social Funds. The review found that in order for Social Fund sub-projects to realize their potential development impact and reach sustainability, conditions need to be in place to ensure that those sub-projects are demand-oriented, owned by the communities during design, implementation and maintenance phases, and that appropriate institutional and financial arrangements are put in place to sustain the benefits.¹

¹ Portfolio Improvement Program Review of the Social Funds Portfolio, May 1997. (PREM)

19. The NGO Unit paper, “*NGO Involvement in World Bank-Financed Social Funds: Lessons Learned*” was published in May 1997. It reviews the Bank’s experience involving NGOs in SIFs. The paper found that while not an end in itself, NGO involvement in social funds generally helps to ensure that the conditions mentioned above are realized. The paper identifies issues encountered as well as lessons learned in the design and implementation of SIFs, and as such provides a useful tool to both Bank staff and NGOs involved in Bank-financed social funds.²

c) Small Grant Funding

20. The Bank’s Small Grants Program (SGP) is a small grant-making fund now managed out of the Social Development anchor. It was previously financed by the Special Grants Program and now comes under the Development Grants Facility. Its purpose is to provide institutions (including NGOs) in developing countries with funds for promoting dialogue and dissemination of information about international development. In FY97 a total of 60 grants were awarded, ranging in size from US\$10,000 to US\$30,000. Significantly almost one third of these were in the ECA region.

Examples of FY97 Small Grantees

- In Macedonia, the CENTER FOR ENVIRONMENTAL LAW AND PUBLIC PARTICIPATION (CELPP) was funded to help finance the publication of a Training Manual on “Public Participation in the Decision-Making Process as a Tool for Involving NGOs and citizens in the implementation of the National Environmental Action Plan (NEAP).” In cooperation with academia, students, and other NGOs, CELPP aims to facilitate public participation in the implementation of the NEAP by publishing a training manual on the subject. The Center is particularly interested in requirements for public notices of proposed regulations, periods for public comment, and the procedures for both; freedom on information for governmental activity and industrial pollution reports; and, the clarification of laws on local authorities.
- An environmental NGO in Guatemala, FUNDACIÓN PARA EL ECODESARROLLO Y LA CONSERVACIÓN (FUNDAECO) was funded to help finance the start-up costs of a television project entitled “Information and Public Education on Environmental Issues: ‘Eco-News’.” FUNDAECO believes that the low level of environmental awareness in Guatemala is the fundamental cause of environmental degradation and principal obstacle to efforts to address the problem. The proposal aims to support information, education, and environmental awareness through the production of five-to-ten minute television segments of “Eco-News” on subjects such as deforestation; environmental pollution and protection in industry; eco-tourism; and the activities of the environmental bodies of congress, the executive branch, and private-sector associations.

² *NGO Involvement in Bank-Financed Social Funds: Lessons Learned*, Environment Department Papers No. 052

III. POLICY DIALOGUE

NGO - World Bank Committee

21. Since its inception in 1982, the NGO-World Bank Committee has been providing guidance on issues related to the Bank's partnership with NGOs, and continues to be a major forum for policy dialogue. The Committee is comprised of 26 representatives of NGOs from around the world (mostly developing country NGOs), and senior Bank staff. The major areas of discussion at its annual meeting in October 1996, were participation (in particular the joint monitoring of a number of operations and ESW), Bank-NGO relations, the need for sharing experience in the implementation of Social Investment Funds (SIF) and collaboration and joint exploration in the field of NGO Capacity Building. These themes were reflected in discussions at regional-level meetings of the Committee throughout the year. Since 1993, mid-year meetings of the Committee have been held at the regional level (in FY97 in Peru, Abidjan, Nepal and Paris) in order to allow for more focused discussion on regional and country specific issues and strategies for effective Bank-NGO cooperation.

a) Africa

22. On August 6-7, 1997³ the Africa Regional Meeting was held in Abidjan, Cote D'Ivoire, bringing together over 51 representatives of NGO networks, NGOs and research institutes along with the African members of the NGO-Bank Committee and the Bank's Africa Region to share experience and map out a process for continued dialogue. Discussions focused on the region's renewal and on-going decentralization processes and the request by NGOs to further develop partnership in the areas of participation (especially in the CAS process), capacity building of African NGOs, and to ensure the Bank's focus on poverty alleviation. Reflecting the NGO Unit's work in the area of NGO Law, the meeting requested increased assistance in promoting an enabling environment for civil society organizations, and providing more technical assistance and good practice references on legal frameworks.

b) South and East Asia

23. The Asia Regional Meeting was held in Katmandu, Nepal between June 26-29, 1997 and co-hosted by ACTIONAID Nepal and PRIA India. While participation, information disclosure, and capacity building were the main topics, other discussions highlighted the need for Bank-NGO meetings at a national level every 2-3 months, for interaction with Resident Missions beyond the NGO Specialists, for databases on NGOs, for improvement of information disclosure and dissemination, greater facilitation of meaningful civil society participation in the CAS process, and recognition of the diversity of NGOs in the region. While there were points of disagreement, the meeting was a

³ Although this technically falls outside of the fiscal year, it is included here to complement the other regional meetings

constructive one which emphasized common ground. On the Capacity Building Initiative, NGOs endorsed the Committee's NGO Capacity Building Initiative, and stressed the importance of strengthening national dialogue, and guidance of the process by a regional steering group.

c) Latin America and Caribbean

24. The Latin America and Caribbean Regional Meeting was held in Lima, Peru from 13-17 October, 1997. Approximately 80 NGOs and 20 Bank staff attended the meetings, which were hosted by the Peruvian NGO, DESCO. The main areas of discussion were the status and implications of the Bank's restructuring, urban poverty, new challenges for economic reform in the region, participation in Bank operations and CAS, state reform and decentralization, and gender. In particular, the Regional Vice President, Mr. Javed Burki, presented an outline for the joint-study on urban poverty which had been proposed at the regional meetings in Nicaragua the previous year. NGOs provided useful feedback and additional items for research including the links between urban and rural poverty; between violence, crime and inequality; and the implications of economic globalization on both decentralization and income distribution. Mr. Burki re-committed to having Liaison Officers in all Resident Missions and a budget for translation of Bank documents, and the process for decentralization of the Bank-NGO Committee was begun. The meetings provided a valuable forum - to both NGOs and Bank staff - for discussion of a wide range of both macro and micro issues.

SAPRI

25. The Structural Adjustment Participatory Review Initiative (SAPRI) was formally launched in April, 1997. Its aim is to provide a framework in which the World Bank, governments and a global network of civil society organizations can come together to jointly assess the impact of structural adjustment, improve each other's understanding of policy impacts on the poor, and explore possible future improvements in economic reform programs. The SAPRI program was developed through consultations between a team of Bank staff and an NGO/civil society network led by the Development GAP, a Washington-based NGO. Seven countries originally agreed to participate in SAPRI - Bangladesh, Ecuador, Ghana, Hungary, Mali, Uganda, and Zimbabwe.

26. The next Global Forum is to take place in July 1998 in Washington, D.C. and will include public presentations on adjustment issues, as well as workshops on the country fora and fieldwork methodologies. Participants will include civil society and government representatives from each National Steering Committee, members of the Global Steering Committee, and World Bank staff. The Institute of Development Studies (IDS) and Action Aid have agreed to contribute to strengthening the process and field-level methodology.

Participation

27. At the October meeting of the NGO World-Bank Committee, it was agreed that while the Bank had made strides in developing participatory approaches (as illustrated in the 1994 World Bank and Participation Learning Group Report and the 1996 Participation Sourcebook), in practice, NGOs felt that progress is falling short of expectations. Thus in an effort to both assess the Bank's progress, and to provide guidance in carrying out such methodologies, the Committee agreed to launch a joint-monitoring exercise of participation in selected lending and ESW work. About 8 activities would be selected from across regions and sectors. The joint-monitoring process would help to identify both progress and areas of weakness - at an institutional and a skills/management level. One of the projects involved in the joint monitoring program this fiscal year is the *India Ecodevelopment project* (approved FY97), in which the aim is to achieve an acceptable, sustainable balance between the economic and social needs of the inhabitants with conservation objectives in some of India's most environmentally sensitive Protected Areas. The project is still at the pilot stage and in some sites is controversial, but elsewhere it is already clear that NGOs with experience working with the tribal populations and conservation NGOs are playing a key role in helping the project to achieve the required balance. In the Ghir Forest, for example, where NGOs have been actively involved in joint monitoring, teams comprising of Protected Area staff and NGOs are working with communities to help them prepare participatory "micro plans" designed to protect natural habitats by generating economically viable alternatives to encroachment and incentives for conservation.

Country Assistance Strategy (CAS)

28. There has been a strong trend in recent years towards consulting civil society organizations during CAS preparation. The Uganda Country Assistance Strategy provides an example of this approach. The central objective of the Uganda CAS was to set out a strategy to ensure that the benefits from the country's strong economic growth are effectively deployed for poverty reduction. The starting point for the process was the government's participatory Poverty Eradication Action Plan (PEAP), which aims to integrate poverty issues into the national development strategy. Also critical was the early involvement of the NGO Forum, made up of 600 of Uganda's most active NGOs. Based on participatory exercises held for the CAS preparations in 2 districts, extensive follow-up participatory exercises are now planned in 7 districts (financed in part by DFID - formerly ODA) in order to ascertain which strategies for rural poverty reduction would be most effective and broadly supported. Such district-level Poverty Eradication Action Plans are designed to reflect the priorities and needs of the poor populations. The involvement of NGOs and other civil society organizations has had a number of direct impacts on the CAS. For example, consultations identified possible joint action to address the leakage of government funding for social services that had been identified. The consultations also described the need for agricultural strategies to be tailored to fit regional specificity.

29. As the Bank continues to gain experience and develop expertise in collaborating with civil society to achieve its country-specific development goals, greater efforts are being made to identify lessons that will contribute to our understanding of NGO and civil society participation in Bank processes. In FY98 the Office of Managing Directors' CAS Retrospective will include a discussion of the benefits of incorporating civil society participation.

IV. ENABLING ENVIRONMENT FOR NGOs and CIVIL SOCIETY

Laws Governing Non-governmental Organizations

30. As has been described, the Bank and borrowers increasingly seek to develop partnerships with effective and independent local NGOs because of their potential contribution to economic and social development, and their promotion of equity and social inclusion. The policy environment for NGOs and civil society varies enormously from country to country, and is a powerful determinant influencing the growth of the NGO sector. In particular, there is great variation in the framework of laws relating to NGOs in each country. Where these afford few rights or protection to NGOs, the growth and contribution of the sector can be severely hampered. To address this problem, the NGO Unit has developed a program to give best practice advice on NGO law. The Unit has been working with an international NGO - the International Center for Not-for-Profit Law (ICNL) - since 1995 to analyze existing NGO laws in over 100 countries. The result is the draft "Handbook on Good Practices for Laws Relating to Non-governmental Organizations" published in discussion draft form in May 1997, and designed to assist governments and other parties to analyze the strengths and weaknesses of existing laws, or draft more appropriate ones. Since publication of the draft Handbook, several thousand copies have been distributed through Resident Missions, bilateral agencies, foundations and NGOs.

31. The Handbook is already serving as a useful tool for governments and NGOs in the formulation of such laws. For example, the Handbook provided useful guidance to the joint Task Force on NGO Law in Nepal - comprising Nepali NGOs and government representatives - in formulating the newly approved NGO bill. In pursuing this work the Unit has developed partnerships with USAID, the Asian Development Bank, CIVICUS, the Aga Khan Foundation, the Rockefeller Brothers Fund, the Ford Foundation, the Commonwealth Foundation, Johns Hopkins University, and others in an effort to further the discussion and understanding, and to develop better laws for NGOs.⁴

⁴ The NGO Unit has provided technical advice and assistance in improving the laws affecting NGOs to governments and NGOs in West Bank/Gaza, Bangladesh, Mozambique, Cameroon, Madagascar, Mongolia, Pakistan and Yemen.

Capacity Building for NGOs

32. The Bank and other donors can also contribute to an enabling environment through their efforts to strengthen the capacity of the NGO sector in developing countries. In order to address such issues the Bank together with NGOs of the NGO-Bank Committee, multi- and bi-lateral agencies and foundations are planning to establish an International Working Group on Southern NGO Capacity Building (IWGCB). The formative meeting for this initiative was held in May 1997 and was attended by more than 35 donors (bilateral, multilateral, and foundations), southern, and northern NGOs. The IWGCB will bring together for the first time the providers and users of capacity building programs to identify priorities, future strategies, and pilots to test out new approaches. Experience and lessons drawn from donors, NGOs and foundations on southern NGO capacity building are being gathered and will be presented at a conference scheduled for May 1998. These are expected to feed into the identification and prioritization of issues, and the development of a coordinated mechanism for strengthening southern NGO capacities.

V. INTERNAL AND EXTERNAL PARTNERSHIP

Europe and Central Asia

33. The ECA Region has developed a regional NGO-Strategy, including an in-depth review of experience with environmental NGOs in Bank and GEF-financed projects, NEAPs and regional Environmental Programs. This work provided the basis for the Bank's participation in a path-breaking meeting between environmental NGOs, donors and the Bank in Szentendre, Hungary in May 1997. The purpose of the meeting was to initiate dialogue with NGOs and civil society organizations in Central and Eastern Europe and the newly independent states (NIS), along with other donors with extensive experience in the region. The Bank committed to participating in the Donor-NGO Working Group, established at the meeting, and is planning a piece of research to analyze the economic contribution of the NGO sector in the region.

Middle East and North Africa

34. The Vice President of the Environment and Socially Sustainable Network, Ismail Serageldin, represented the Bank at the Second Conference of Arab NGOs held in Cairo in May. The Conference brought together government ministries, multilateral development institutions, NGOs and associations to discuss and commit to among other things, promoting the role of Arab NGOs in human development, legislative framework for NGOs in Arab countries, building trust and confidence between the private sector, NGOs and international organizations, and issues of capacity building (management and training) in the future of Arab NGOs.

The Economic Development Institute

35. The Economic Development Institute (EDI) was created in 1955 to provide training in subjects related to economic and social development to government leaders and central and local policy makers, as well as representatives from the private sector, non-governmental organizations and other actors of civil society in the World Bank's client countries. In order to increase the outreach and impact of its programs, EDI partners with teaching and research institutions, and in many cases NGOs, to generate, share, and apply knowledge at all levels. EDI plays a catalytic role in bringing together networks of expertise as well as users and beneficiaries in program areas ranging from poverty reduction and environmental management to education technology. More information is available on EDI's website at <http://www.worldbank.org/html/edi/home.html>.

36. Over this fiscal year, EDI has continued to contribute to the Bank's growing body of knowledge in the area of partnership and capacity building. For example, the Building Partnerships for Poverty Reduction program supports the capacity building and networking of NGOs in Latin America, and aims to increase the participation of citizens, civic organizations, and businesses in the design and implementation of antipoverty policies and programs. Similarly, the Grassroots Management Training (GMT) and the Banking With The Poor (microfinance institution building) programs are collaborating with NGOs and government agencies to develop awareness-raising and training programs for micro-entrepreneurs in management, financial and marketing skills in Africa, the MENA and LAC regions, and India.

37. As part of its strategy to focus on multi-sectoral audiences for sustainable development, EDI's Environment and Natural Resources Division (EDIEN) collaborated with The Earth Council (an international NGO based in San Jose, Costa Rica) to organize a training seminar for members of National Councils for Sustainable Development (NCSDs) or equivalent bodies in Central America. The seminar, "Economic Globalization and Sustainable Development in Central America", was held in San Jose, Feb. 2-7, 1997. The objective of the workshop for NCSDs was to promote better understanding of the economic and sectoral policy reforms that impact on the environment and to help build up multi-sectoral constituencies for "win-win" reforms. Having fulfilled this objective, EDI and The Earth Council are jointly organizing a follow up workshop for 1998 to meet demands from the NCSD groups in the region for further training on (i) clarifying the role and mandate of NCSDs in promoting sustainability; and (ii) applying tools and methodologies for use by NCSDs to integrate environmental and social aspects into economic development.

38. EDI's girls' education program is centered on the Partnership for Strategic Resource Planning (SRP) - a multi donor effort to collaborate with African countries working to achieve education for all. The Partnership is led by a pan -African NGO network called the Forum for African Women Educationalists (FAWE). FAWE's membership consists of women ministers and deputy ministers of education, vice-

chancellors and other senior women policy makers in education, and illustrates the power of committed women at policy making levels to unite and become a genuine political and intellectual force. FAWE provides extensive outreach through its national chapters in 31 countries. As Joint Secretariat for the Partnership, FAWE and EDI manage the US\$ 3.5 million SRP program promoting capacity building and encouraging government responsibility in the efficient use, mobilization and re-allocation of resources in the education sector. The SRP process provides FAWE and participating ministries of education a management tool with which to formulate policy recommendations and implement reforms aimed at increasing access to and improving the quality of education.

39. In June, EDI sponsored the Global Knowledge '97 Conference in Toronto, Canada. The theme of the conference was "knowledge for development in the information age." NGOs such as the Commonwealth of Learning, the British Council, and the Aga Khan Development Network played a vital role in the development of the conference program, and in financing the participation of representatives from developing countries. Cooperation with and among these organizations continues under the umbrella of the Global Knowledge Partnership. Also in June 1997, EDI launched the World Links for Development Program (WorLD). The WorLD program works with NGOs - such as International Education and Resource Network (I*EARN), the Global Schoolnet Foundation, and the Global Learning and Observations to Benefit the Environment - GLOBE Program - and other organizations providing education and distance learning programs in participating countries and around the world, to illustrate to governments and the private sector the benefits of using new technology for investing in the education of children. The program's goal is to link students and teachers in at least 1,500 secondary schools in 40 developing countries by the year 2000. Through the program, which is being piloted in Uganda, Senegal and Ghana, students in developing countries exchange science projects, writing exercises, historical perspectives, and artwork with each other and with their peers around the world.

The Consultative Group to Assist the Poorest

40. In its second year of existence the Consultative Group to Assist the Poorest (CGAP) continued to support the development of sustainable micro-finance institutions through i) the identification, analysis and dissemination of good-practice lessons, ii) the continued development of operationally oriented technical tools, such as the CGAP appraisal format, the Microfinance Practical Guide; and the Business Planning and Financial Modeling tool; and iii) grants to micro-finance institutions (including NGOs) delivering credit and savings services to the very poor. **CGAP grants are made on the basis of an institution's ability to demonstrate that it reaches the very poor with financial services, and its commitment towards achieving full financial self-sufficiency.** (See CGAP's web site at <http://www.worldbank.org/html/cgap/cgap.html> for more information).

41. When CGAP was initiated in 1995, a three-year, US\$32 million “core fund” was established, the majority of which (US\$27 million) was provided by the World Bank. As of the end of FY97, CGAP had committed grants totaling US\$16.4 million to a wide range of funding institutions, thus supporting the Bank’s commitment to supporting sustainable, local development activities. Examples of microfinance programs supported through CGAP are illustrated in the box below.

Compartamos, Mexico, US\$2 million

Compartamos is a village banking program run by a local NGO called Gente Nueva. Compartamos operates in the rural parts of southern Mexico. It uses the village banking methodology making loans to village-based groups that on-lend to members. Compartamos’ clientele live in Mexico’s poorest states and are all poor, rural, self-employed women. The average loan balance (US\$36) is only 1% of the Mexican GDP per capita, the lowest for a micro-finance institution in Mexico. By the end of 1996, after only three years of operation, Compartamos had built a customer base of nearly 30,000 rural women and a portfolio of \$1.2 million.

The institution is led by an experienced management team with clear vision and an ambitious goal to become a formal financial institution that will leverage increasing amounts of private funds to meet a greater portion of its estimated market of three million poor, rural women. Support from CGAP will enable Compartamos make the transition from a multi-purpose NGO to a micro-finance bank, and establish a sustainable micro-finance institution in Mexico. It will also generate lessons for the field on institutional expansion and transformation.

SHARE, India, US\$2 million

SHARE was established in the state of Andhra Pradesh in India in April 1993. SHARE is an NGO implementing the Grameen Bank methodology of lending to solidarity groups of rural poor women. In its three years of operation, SHARE has grown to serve 3,361 members, and as of August 1997 had 2,940 active loans, and an outstanding portfolio of over US\$300,000. SHARE targets exclusively poor rural women through a thorough means test. The loan balance per client as a proportion of GDP per capita is roughly 45 percent.

SHARE has wisely invested in its staff and systems up front and is poised to reach over 11,000 clients and full financial self-sufficiency by the end of 2000. It is on a clear path towards full financial sustainability, and has demonstrated the leadership, staff, structure, systems, methodology, focused mission and action plan to become a leading micro-finance institution in the near future. Funding from the CGAP grant will be used to build management skills and systems to manage a growing loan portfolio and greater number of clients. Each tranche of funding is conditional upon SHARE keeping its portfolio at risk below 5 percent for more than 30 days, increasing operational efficiency, expanding outreach and achieving full financial sustainability by the end of 2000.

42. In addition to the CGAP, the Sustainable Banking for the Poor (SBP) project provides good practice guidance in the area of microfinance services to the poor. The SBP project is a partnership between the World Bank, the Royal Ministry of Foreign Affairs of Norway, the Swiss Development Corporation (SDC), and the Ford Foundation. A series of case studies of microfinance institutions in Asia, Africa, and Latin America is currently being carried out, which identifies those programs which have pioneered innovative approaches for reducing the costs and risks of providing financial services to a

large number of low-income clients. The case studies cover a wide range of types of institutions and programs, including commercial banks specialized banks, credit unions, NGOs and non-bank financial institutions. Based on these case studies, the project has produced a number of publications which distill lessons for policy formulation, program design and implementation. A world-wide inventory of micro-finance institutions was completed in 1996 and is available on the SBP website (<http://www-esd.worldbank.org/html/esd/agr/sbp/>).

Environment

a) Rio + Five Earth Summit

43. At the Rio + Five Earth Summit in March 1997, the Bank's advances in partnering with NGOs and CSOs was highlighted under the discussion of Agenda 21. In the five years since the first Rio Summit, NGO partnerships have considerably extended the reach and potential impact of Bank and GEF projects. Partnerships with scientific institutions and technically-oriented NGOs have enabled the Bank to tap new networks of expertise. It has also strengthened the Bank's credibility among the many actors within civil society and has broadened accountability mechanisms. Partnerships with bi-laterals, foundations and the private sector have encouraged innovation and leveraged greater amounts of financing in support of ambitious joint initiatives.

b) The Global Environment Facility

44. The Global Environment Facility, jointly implemented by the United National Development Program (UNDP), United Nations Environment Program (UNEP) and the World Bank, aims to assist developing and transition economy countries in protecting and managing the global environment in the areas of biological diversity, climate change, international waters and the ozone layer. The GEF, like the Bank, has in recent years come to understand that partnerships with a broad range of public and private stakeholders can improve project performance and accountability. A review of the 72 GEF-funded projects in March illustrated that stakeholder identification and participation in GEF projects is not only becoming increasingly complex, but is being handled more systematically and effectively.⁵ One factor contributing to the effectiveness of this participation is the range of financing mechanisms (long-term conservation financing, trust funds and sinking funds) that enable the involvement of partners such as NGOs in carrying out project components.

45. The *Philippines Biodiversity Project* approved in FY97 illustrates the contribution of NGOs to effective implementation of GEF biodiversity protection programs. This project also aims to introduce a decentralized management system of forest resources by user groups. The NGOs for Integrated Protected Areas, Inc. (NIPA) is contracted to

⁵ A Review of Participation in the World Bank's GEF Portfolio, Dissemination Note No. 52

identify and involve direct beneficiaries in the protection and preservation of forest resources. These NGOs are responsible for designing participatory implementation arrangements to ensure the people's willingness to maintain and support the protected parks.

c) Bank-WWF Alliance for Forest Conservation and Sustainable Use

46. In June, Mr. Wolfensohn committed the Bank to a global alliance with the World Wildlife Federation (WWF) to support the conservation and sustainable use of the world's forests. *The WB-WWF Alliance for Forest Conservation and Sustainable Use* was formed to help better meet requests for technical and financial support by governments committed to the international Convention on Biodiversity, as well as WWF's Forest for Life Campaign, which aims to create a national system of forest protected areas covering at least 10% of each forest type by the year 2000. The targets of the Alliance are to bring under independently certified sustainable management i) 50 million hectares of effectively protected priority forest areas, and ii) 200 million of the world's production forests by the year 2005. The Alliance will seek partnership with governments as well as bilaterals, NGOs and forest stakeholders to develop country-specific plans of action to meet these targets. A founding workshop for the Alliance is scheduled to take place in November, 1997.

d) Bank-IUCN Joint Initiative on Large Dams

47. The *World Bank/IUCN - World Conservation Union Joint Initiative on Large Dams* was initiated at a workshop held in Gland, Switzerland. The workshop brought proponents, critics, and specialists together to discuss issues on the subject of Large Dams in an "open, transparent and rigorous process." Participants committed to forming an international Commission to review the development effectiveness of large dams and their alternatives, and to develop standards, criteria, and guidelines to advise future decision making. An Interim Working Group was established in June, and is overseeing the Commission, which will be launched officially in November, 1997.

FY97 WORLD BANK FINANCED PROJECTS WITH NGO INVOLVEMENT

1. Algeria	Rural Employment
2. Argentina	Provincial Agriculture Development I
3. Argentina	Flood Protection
4. Argentina	Mother and Child Health II
5. Argentina	B.A. Urban Transport
6. Argentina	Northern Forest Protection
7. Argentina	AIDS Prevention and STD Control
8. Argentina	Social Protection II
9. Armenia	Enterprise Development
10. Azerbaijan	Farm Privatization
11. Bangladesh	Rural Roads and Markets II
12. Bangladesh	Poverty Alleviation
13. Belize	Social Investment Fund
14. Benin	Transport Sector
15. Bosnia Herzegovina	Emergency Demobilization and reintegration
16. Bosnia Herzegovina	Emergency Public Works and Employment
17. Bosnia Herzegovina	Local Initiatives
18. Brazil	Land Reform Pilot
19. Brazil	Rural Poverty (RGN)
20. Brazil	Rural Poverty (PE)
21. Brazil	Regional Land Management/Poverty Reduction
22. Brazil	Rural Poverty (PIAUI)
23. Brazil	Agricultural Research IV
24. Brazil	Ceara Water Pilot
25. Burkina Faso	Mining Capacity Building
26. Burkina Faso	Post-Primary Education
27. Cambodia	Disease Control
28. China	Qinba Mountains Poverty Reduction
29. China	National Rural Water III
30. China	Xiaoliongdi Multi-sector II
31. China	Basic Education IV
32. China	Heilongjiang ADP
33. Comoros	Education III
34. Comoros	Agricultural Services Pilot
35. Cote d'Ivoire	Rural Land
36. Croatia	Coastal Forest Reconstruction
37. Dominican Republic	National Highway
38. Ecuador	Agricultural Research
39. Ecuador	Judicial Reform
40. Egypt	Education Enhancement
41. Georgia	Power Rehabilitation

42. Ghana	Village Infrastructure
43. Guatemala	Basic Education
44. Guinea	Third Water Supply
45. Guinea Bissau	Basic Education
46. Haiti	Forest and Parks Technical Assistance
47. Honduras	Rural Land Management
48. India	State Highways
49. India	Tuberculosis Control
50. India	Malaria Control
51. India	Reproductive Health
52. India	AP Irrigation III
53. India	Ecocodevelopment
54. India	Environmental Capacity Building Technical Assistance
55. India	Rural Women's Development
56. India	AP Emergency Cyclone
57. Indonesia	Central Indonesia Secondary Education
58. Indonesia	Bali Urban Infrastructure
59. Indonesia	Village Infrastructure II
60. Jamaica	Social Investment Fund
61. Kazakhstan	Pilot Water Supply
62. Kenya	Energy Sector Reform
63. Kenya	National Agriculture Rehabilitation Project (NARP) I
64. Kenya	Early Childhood Development
65. Kenya	Lake Victoria Environment
66. Kyrgyz Republic	Rural Finance
67. Latvia	Welfare Reform
68. Lebanon	Agriculture Infrastructure Development
69. Lithuania	Energy Efficiency/Housing
70. Madagascar	Environment II
71. Madagascar	Private Sector Development
72. Madagascar	Regional Urban Works
73. Malawi	Environmental Management
74. Mali	Irrigation Promotion
75. Mali	Urban Development
76. Mauritania	Rainfed Natural Resource Management
77. Mexico	Community Forestry
78. Mexico	Aquaculture
79. Mexico	Rural Financial Markets Technical Assistance
80. Nepal	Rural Water Supply and Sanitation
81. Nicaragua	Rural Municipalities
82. Niger	Health II
83. Pakistan	Private Sector Ground Water

84. Panama	FES (Social Investment Fund)
85. Panama	Rural Poverty and Natural Resource Management
86. Peru	Irrigation Rehabilitation
87. Peru	FONCONDES II
88. Peru	Sierra Natural Resource Management
89. Philippines	Elementary Education III
90. Philippines	Water Resources Development
91. Philippines	Agrarian Reform
92. Poland	Port Access and Management
93. Russia	Education Innovation
94. Senegal	Sustainable Participatory Energy Management
95. Sri Lanka	Energy Services Delivery
96. Sri Lanka	Environmental Action
97. Sri Lanka	Health Services Development
98. Tadjikistan	Pilot Poverty Alleviation
99. Tanzania	National Extension Project II
100. Tanzania	River Basin Management
101. Tanzania	Lake Victoria Environment
102. Tunisia	Greater Tunis Sewer
103. Tunisia	Municipal Development II
104. Turkmenistan	Water Supply and Sanitation
105. Uganda	SAC III
106. Uganda	Lake Victoria Environment
107. Uzbekistan	Pilot Water Supply
108. Yemen	Social Fund Development
109. Yemen	Taiz Water Supply Pilot
110. Zambia	Environment
111. Zambia	Enterprise Development
112. Zimbabwe	Pilot Rural Development Credit

**LIST OF NGO WORLD BANK COMMITTEE MEMBERS
(as of April 1997)**

AFRICA

Institut Africain pour le Developpement Economique et Social - Centre Africain de Formation (INADES-FORMATION)

Cote d'Ivoire

Representative: Rene M. Segbenou

Inter-Africa Group (IAG)

Ethiopia

Representative: Jalal Abdel Latif

Integrated Social Development Centre (ISODEC)

Ghana

Representative: Charles Abugre

Kagiso Trust (KT)

South Africa

Representative: Horst Kleinschmidt

Organization for Rural Associations for Progress (ORAP)

Zimbabwe

Representative: Temba Ndiweni

ASIA

Centre for Human Development (PROSHIKA)

Bangladesh

Representative: Qazi Faruque Ahmed

Society for Participatory Research in Asia (PRIA)

India

Representative: Dr. Rajesh Tandon

Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC)

Philippines

Representative: Antonio B. Quizon

Freedom from Debt Coalition (FDC)
Philippines
Representative: Teresa Diokno Pascual

Lanka Jathika Sarvodaya Shramadana Sangamaya (Inc.) (LJSSS)
Sri Lanka
Representative: Dr. Vinya Shanthidas Ariyaratne

EUROPE

Society for Improvement of Quality of Life (SIQL)
Croatia
Representative: Paul Igor Matutinovic

Centre de Recherche et d'Information pour le Developpement (CRID)
France
Representative: Laurence Tubiana

Swedish Mission Council (SMC)
Sweden
Representative: Mats Haarsmar

EUROSTEP (represented by)
Swiss Coalition of Development Organizations (Swiss Coalition)
Switzerland
Representative: Bruno Gürtner

Association of Protestant Development Organizations in Europe (APRODEV)
United Kingdom
Representative: Paul Spray

LATIN AMERICA AND THE CARIBBEAN

Caribbean Policy Development Centre (CPDC)
Barbados
Representative: Chris Sinckler

Brazil Network on Multilateral Financial Institutions (RBRASIL)
Brazil
Representative: Fatima Vianna Mello

Asociacion Latinoamericana de Organizaciones de Promocion (ALOP FOLADE)

Ecuador

Representative: Aberlardo Manuel Chiriboga

Equipo Pueblo (PUEBLO)

Mexico

Representative: Carlos Heredia

Centro de Estudios y Promocion del Desarrollo (DESCO)

Peru

Representative: Mr. Abelardo Sanchez-Leon

MIDDLE EAST

The Union of Palestinian Medical relief Committees (UPMRC)

Israel

Representative: Dr. Mustafa Barghouthi

NORTH AMERICA AND THE PACIFIC

Community Aid Abroad (CAA)

Australia

Representative: Andrew Hinton Hewett

Inter-Church Coalition on Africa - Economic Justice Project (ICCAF)

Canada

Representative: Ruth Rempel

Pacific Asia Resource Center (PARC)

Japan

Representative: Kitazawa Yoko

Institute for Development Research (IDR)

USA

Representative: Jane Covey

INTERNATIONAL NGOS

Cooperation Internationale pour le Developpement et la Solidarite (CIDSE)

Belgium

Representative: Dr. Koenraad Verhagen

International Save the Children Alliance (SCF UK)
United Kingdom
Representative: Michael Aaronson

RESIDENT MISSIONS WITH NGO SPECIALISTS/CONTACTS
(as of March 1997)

AFRICA

Angola
Burkina Faso
Burundi
Benin
Cameroon
Central African Republic
Chad
Congo
Côte d'Ivoire
Ethiopia
Ghana
Guinea
Kenya
Mali
Malawi
Mauritania
Madagascar
Niger
Nigeria
Rwanda
Senegal
South Africa
Tanzania
Togo
Uganda
Zambia
Zimbabwe

ASIA

Bangladesh
China
India
Indonesia
Nepal
Pakistan
Philippines
Sri Lanka
Thailand
Vietnam

EUROPE AND CENTRAL ASIA

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Azerbaijan
Belarus
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Estonia
Hungary
Estonia
Hungary
Kazakhstan
Kyrgyz Republic
Latvia
Lithuania
Macedonia
Moldova
Poland
Romania
Russia
Turkey
Ukraine
Uzbekistan

LATIN AMERICA AND CARIBBEAN

Argentina
Bolivia
Brazil
Columbia
Costa Rica
Ecuador
Jamaica
Mexico
Peru
Venezuela

MIDDLE EAST AND NORTH AFRICA

Egypt
Yemen

GLOSSARY OF TERMS

CAS	Country Assistance Strategy
CBO(s)	Community Based Organization(s)
CGAP	Consultative Group to Assist the Poorest
CELLP	Center for Environmental Law and Public Participation
CSO(s)	Civil Society Organization(s)
DGF	Development Grants Facility
DIFD	Department for International Development
ECA	Europe and Central Asia
EDI	Economic Development Institute
EDIEN	Economic Development Institute's Environment and Natural Resources Division
ESSD	Environment and Socially Sustainable Development
ESW	Economic and Sector Work
FAWE	Forum for African Women Educationalists
FUNDAECO	Fundación para el Ecodesarrollo y la Conservación
FY	Fiscal Year
GDP	Gross Domestic Product
GEF	Global Environment Facility
GLOBE	Global Learning and Observations to Benefit the Environment
GMT	Grassroots Management Training
IDS	Institute for Development Studies
ICNL	International Center for Not for Profit Law
I*EARN	International Education and Resource Network
IUCN	World Conservation Union
IWGCB	International Working Group on Southern NGO Capacity Building
LAC	Latin America and the Caribbean
NCSD(s)	National Councils for Sustainable Development
NEAP	National Environmental Action Plan
NGO (s)	Non-Governmental Organization(s)
NIPA	NGOs for Integrated Protected Areas, Inc.
NIS	Newly Independent States
O&M	Operation and Maintenance
ODA	Overseas Development Agency
PEAP	Poverty Eradication Action Plan
PHN	Population, Health and Nutrition
PREM	Poverty Reduction and Economic Management
PRIA	Participatory Research in Asia
SAPRI	Structural Adjustment Participatory Review Initiative
SBP	Sustainable Banking for the Poor
SDC	Swiss Development Corporation

SGP	Small Grants Program
SIF	Social Investment Fund
SRP	Partnership for Strategic Resource Planning
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
USAID	United States Agency for International Development
WB	World Bank
WorLD	World Links for Development
WSS	Water Supply and Sanitation
WWF	World Wildlife Federation