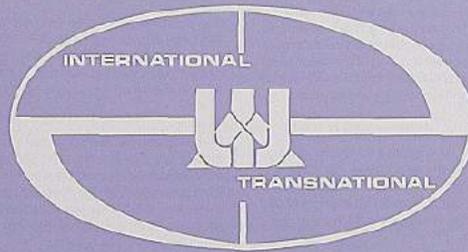


TRANSNATIONAL
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External Debt, Structural Adjustment and Development

**The Debate between
NGO's and the World Bank**

Deffe extérieure, ajustement structurel et développement

**Le débat entre
les associations et la Banque mondiale**

1990 - n° 2

The review of international
associations and meetings

Revue bimestrielle Mars-Avril 1990
Bureau de dépôt: Bruxelles X

La revue des associations et
des réunions Internationales

TRANSNATIONAL ASSOCIATIONS

TRANSNATIONALES

42nd year

42^{ème} année

This publication, produced by the UAI, appears six times a year.

The purpose of the studies, surveys and information included in this periodical concerning the international and transnational networks of nongovernmental organizations is to promote understanding of the associative phenomenon in a human society which continues to grow and evolve regardless of the consequences.

The programme of the review, in accordance with the principles of the UAI, is intended to clarify general awareness concerning the associative phenomenon within the framework of international relations and, in particular, to inform associations about aspects of the problems which they tend to share or which are of common interest to them.

The columns of this review are open to association officers, research workers and specialists of associative questions. The articles do not of course necessarily reflect the point of view of the publisher.

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ASSOCIATIONS TRANSNATIONALES

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Published by/Publié par:
Union of International Associations (UIA)
(founded 1910)
Issn-0020-6059

Editorial and Administration:
Rue Washington 40, 1050 Bruxelles (Belgium)
Tel (02) 640 18 08 - 640 41 09
Tx 65080 INAC B

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(Belgique)
Tél. (02) 640 18 08 - 640 41 09
Télécopie: (322) 649 32 69

Subscription rate: BF 1.300, or equivalent
per year (6 issues) + postage BF 270.

Abonnement: FB 1.300 ou équivalent, par an
(6 numéros) + Frais de port FB 270.

Method of payment:
Mode de paiement à utiliser:

Bruxelles: Compte-chèque postal n°000-
0034699-70 ou Compte n°210-0508283-55 à
la Générale de Banque, 253, avenue Louise,
1050 Bruxelles.

London: Account n° 04552334, National
Westminster Bank Ltd., 1 Princes street.

Genève: Compte courant n° 472.043.30 Q à
l'Union des Banques Suisses.

Paris: par virement compte n°545150-04200
au Crédi du Nord, 6-8, boulevard Hauss-
mann, Paris 75009.

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ISSN-0250-4928

Environmental Reform and the Multilateral Banks

by Pat Aufderheide and Bruce Rich*

"If the World Bank has been part of the problem in the past," World Bank President Barber Conable announced in May 1987, "it can and will be a strong force in finding solutions in the future."

The "problem" Conable was referring to is environmental degradation — specifically, the accelerating deforestation, desertification, salinization, and other assaults on the environment affecting large areas of the developing world. This destruction has often been a consequence of large-scale development projects funded by the World Bank and its sister multilateral development banks. For instance, the effect of the Polonoroeste project — a roadbuilding and colonization program in northwestern Brazil financed with World Bank Loans — has been to unleash deforestation at a rate unprecedented in Brazil's history. More than half a million colonists have been lured into this region — an area the size of California — with offers of free land since the project began in 1982. But crop failures after one or two years of working the poor tropical-forest soil have forced the hapless settlers to abandon their lands to cattle ranchers — a further step in the process of ecological degradation that ultimately leaves useless scrubland. Settlers have moved on to repeat the process in adjoining locations or to invade the homelands of Indian tribes.

The Polonoroeste disaster is far from exceptional. The drama has been repeated throughout Africa and Asia. To ease population pressures, the Indonesian government, again with World Bank support, has moved hundreds of thousands of people to rain-forest areas with poor soil, stripping the land of its utility to colonists while displacing indigenous peoples. This transmigration program is the largest resettlement project in history. In Singrauli, India's energy capital,

the World Bank has helped to finance coal mines and power plants that belch coal dust and ash and contribute to soil erosion, meanwhile forcing out thousands of tribal people. In the Ivory Coast, the World Bank's Grand Bereby rubber project has resulted in large-scale destruction of irreplaceable tropical forestland. And in the Sudan, a World Bank-financed mechanized farming project for cotton production has completely exhausted the soil in the project area, leaving it useless for future agriculture.

These environmental and social disasters are economic debacles as well. Environmental degradation undermines the foundations of economic development, particularly in Third World countries, which depend heavily on the natural resource base for economic growth. Economic impoverishment in turn intensifies assaults on the environment by encouraging the exploitation of natural resources for short-term gain at the expense of more careful long-term management. But this cycle is no accident. It is the inevitable result of a tradition of development planning that ignores the interrelationship between economic activity and its biological and ecological underpinnings. It is therefore significant that the multilateral development banks have begun recently to show signs of greater sensitivity to this problem. In spring 1987, World Bank President Conable announced a number of reforms designed to put the environment "on the agenda", in his words. These reforms include greatly increased environmental staffing, a commitment by the Bank to finance a greater proportion of environmentally beneficial projects, and a promise to consult more closely with "environmental activists in every nation." Other multilateral development banks are beginning to follow suit.

This fundamental restructuring follows a series of acknowledgments by the banks that their environmental policies have been, at best, ineffectual. Even before Conable announced his reforms, the World Bank had suspended loans to the Polonoroeste project until environmental requirements could be satisfied. And the Bank has designated future loans to Indonesia's transmigration program only for the rehabilitation and consolidation of existing sites, not for expansion of the program. Likewise the Inter-American Development Bank halted disbursements on a roadbuild-

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ing and colonization scheme in the Brazilian state of Acre pending resolution of environmental problems associated with the project.

These actions and Conable's reforms reflect the impact of intense, concerted pressures on the multilateral development banks by environmental organizations internationally. A World Bank draft report in December 1987 on relations between nongovernmental organizations (NGOs) and the Bank credited NGOs for major shifts in Bank policy toward the environment. Among other things, it noted that "many of the Bank-financed projects which have been subject to criticism by NGOs on environmental grounds have been significantly reformed. The much discussed Polonoeste project, for example, has been substantially restructured, and new transmigration in Indonesia has been slowed drastically." Environmentalists' pressure had even, in the Bank's words *set the stage for a discussion of environment by the (World Bank-International Monetary Fund) Development Committee in 1987.* That committee is the highest-level planning committee for both institutions, and the fact that the Bank prepared a background paper on the environment for it suggested a breakthrough in official development policy.

How have environmentalists come to have such impact on the lending policies of multilateral development banks? How does this current effort differ in approach from earlier efforts? And what are the chances for achieving the ultimate objective — a fundamental shift in bank policy and practice toward a model of development that more fully recognizes the link between economic productivity and the sound management of natural resources?

The Banks and the Environmentalists

No other international or bilateral institutions have more influence on development financing and policy in the Third World than the multilateral development banks — the World Bank (or International Bank for Reconstruction and Development, as it is formally called), the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank. In 1987, these four banks made loan commitments of more than \$ 23 billion, mainly for projects and programs in the environmentally sensitive areas of agriculture, rural development, power and irrigation schemes, and road building. The impact of these banks is magnified by the fact that each dollar they lend typically raises two or three more from recipient country governments, aid agencies, and private banks. The multilateral development banks, especially the World Bank, also influence the development agenda worldwide by their funding of research, technology transfer, and other forms of institutional support. In addition, country-lending and sector-strategy reports drawn up by the development banks shape planning among commercial lenders, aid agencies, and borrowing nations. Finally, the macro-economic conditions attached to World Bank loans require Third World countries to modify domestic policies and priorities, sometimes affecting entire sectors of their economies.

The multilateral development banks have long proclaimed a commitment to policies and procedures that are sensitive to environmental concerns. In practice, however, environmental protection has generally come to mean after-the-thought damage control. More often than not, environmental concerns have been ignored in project

design and implementation. Or when they have been invoked, they frequently have been honored in the breach by government agencies eager to proceed with the most lucrative, politically useful parts of a project.

This trivializing of ecological damage, and the assumption that mitigating measures can "fix" problems, are predictable results of the narrow applications of neoclassical economic models used by development banks. As a result, there is a tendency to focus on those factors that can be expressed in dollar term. For instance, to be approved, a development project must promise a favorable rate of return (typically 10 percent). In calculating the rate of return economists rely on cost-benefit analyses that treat ecological destruction as an externality or a trade-off in exchange for other benefits. But this destruction has very real economic costs, even if they cannot be easily quantified. Another problem with this model is the narrow definition of social welfare it employs, one that assesses a country's economic progress in terms of increased gross national product or export volume. This definition begs such vital questions as who controls and benefits from production for export, at what ecological and social cost, and to what degree export-led growth contributes to long-term development goals.

Moreover, the conventional neoclassical model has often led project planners to ignore crucial social and cultural elements that, in combination with ecological conditions, shape the dynamics of economic development. For example, the World Bank and Inter-American Development Bank have appraised road construction in the Brazilian Amazon mainly in terms of facilitating access to markets and lowering transportation costs. In doing so, the banks have given little consideration to the impact these penetration roads are likely to have on an inflationary economy such as Brazil's: the unleashing of enormous land speculation booms, which actually take land out of production, and the huge social costs associated with uncontrolled migration to lands lacking adequate facilities to support new populations.

The flaws of the development banks' economic approach have been apparent for years. Even neoclassical economic theorists acknowledge the limited usefulness of their models for making investment calculations when non-renewable natural resources are involved. A more sophisticated use of neoclassical economics would improve the banks' ability to assess the potential negative effects of development projects. For instance, an effort might be made to quantify the long-term economic costs of some environmental impacts and include these costs in bank-loan preparation and appraisal work. Since Barber's announcement of environmental reforms in May 1987, the World Bank staff has begun some research in this direction. It remains to be seen when and if the results of this research will be reflected in the Bank's operations. But even sincere efforts are likely to be frustrated by the fact that statistics and other economic indicators for developing countries are notoriously unreliable and often subject to political manipulation. And they are largely nonexistent for the critically important relationship between ecological destruction and declining economic productivity.

Nongovernmental organizations have long protested the effects of multilateral development bank policy, on environmental and other grounds, but protest alone has proved to be largely ineffective. Concerned about human rights violations in the Philippines under Ferdinand Marcos, for

instance, some NGOs protested World Bank and Asian Development Bank support of that nation. These NGOs often worked in tandem with local Philippine organizations, developing valuable contacts and documenting abuses. But in the end, these protests were simply not accorded high priority by the banks. Similarly, NGOs have objected to the aggravation of social disparities resulting from bank-financed agricultural programs in which issues of equity have not been adequately considered.

Think tanks, on the other hand, including some environmental organizations, have sought to influence development bank policy in other ways. Staffed with experts who often have undergone very much the same intellectual and professional training as the banks' policymakers, they have put their energy behind research and the promotion of alternative policy proposals. While they often have earned the respect of the banks, think tanks, too, have largely been unable to effect fundamental policy changes. Speaking the same "language" as bank experts facilitates dialogue, but it sometimes means accepting certain basic assumptions, such as flawed development models, that severely constrain the possibilities for change. Moreover, large bureaucratic institutions like the multilateral development banks tend to resist change unless they are confronted with a crisis, whereas think tanks represent, at best, only a challenge. Nor does it help that some think tanks are linked by financial and contractual ties to the very banks they seek to influence.

What protest groups and think tanks alike have failed to appreciate sufficiently is that international development issues are intrinsically political. Bad policies do not remain in effect simply because of an absence of good ideas but also because powerful forces block the adoption of those ideas. Merely informing or working with staffers within the banks or national agencies designated to deal with environmental issues will not achieve policy transformations. Even bureaucrats with the best intentions often have their hands tied. The policies they implement are frequently shaped by political pressures that these functionaries are generally powerless to confront or alter. Forestry specialists within the World Bank, for instance, may be able to propose less damaging forestry projects; what they cannot do is use the Bank's influence to change basic agricultural and development policies in recipient countries that contribute to deforestation, such as grossly skewed land-tenure systems or the promotion of large-scale resettlement schemes or the construction of economically inefficient hydro-selectric dams. Moreover, well-intentioned forestry experts within the World Bank may be thwarted in their efforts by their counterparts in recipient countries, since national forestry agencies are often staffed by individuals who profit from deforestation. Indonesia is just one of several countries in which the forestry department derives revenue from forest concession contracts (both legal and illicit) — making that department a virtual engine of deforestation.

So while uncoordinated protest efforts may result in ad-hoc responses to an issue, and while think-tank advisories may offer useful policy suggestions within an existing framework, neither approach has had much effect on the basic policy orientation of the multilateral development banks. Mindful of the limitations of these approaches, environmental groups, since 1983, have taken a different tactic, one that follows from the principle of public accountability. Led by the Environmental Defense Fund, the National

Wildlife Federation, the Environmental Policy Institute, the Sierra Club, the Natural Resources Defense Council, and the Rainforest Action Network, this strategy has involved the building of a coalition that includes not only U.S. environmental groups but European and Third World organizations as well. By winning the support of the political forces that influence the development banks, environmentalists have, in effect, let themselves in through the front door. And they have done so with little compromise: leading organizations in the coalition maintain financial and ideological independence from the banks. Consequently, they have not shied away from confrontational approaches at times.

Coalition members recognize the limitations of conventional economic analysis in development planning. They share an understanding that sound resource management is a key element in economic progress, as the current rainforest crisis indicates. They understand that social factors such as equity and human rights are also critical to sound economic planning. Land distribution schemes launched without consideration for equity often play into the hands of speculators rather than producers. And, disregard for human rights considerations can be very costly and counterproductive. In the case of the Philippines' Chico Dam project, for instance, 100,000 Bontoc and Kalinga tribesmen rose up in revolt against a projected World Bank-funded series of four dams whose construction would have seriously disrupted their lives. The Bank was forced to withdraw from the project altogether.

At the core of the environmentalists' critique of bank policy is a very different conception of development. For the environmentalists, factors such as social cohesion, social equity, and the preservation of native cultures are vital to any program of sustainable development. Environmentalists also regard ecological concerns such as biological diversity as having a value that cannot be comprehended purely by economic analysis. They have been able to demonstrate convincingly that, over the long term, the neglect of these concerns can be disastrous.

But while environmentalists and bankers approach questions of development differently, they share the goal of sustainable development, making a dialogue possible. And so, issues such as political or human rights — traditionally treated as externalities by development professionals — may be reformulated in ways that address the concerns of both environmentalists and bank policy analysts. Forced resettlement, for instance, can also be discussed as a technical aspect of dam construction — as a quantifiable cost incorporated into the economic evaluation of the project — as well as a human rights issue that development professionals ought to be concerned about as public citizens. Similarly, environmental protection, sometimes viewed in development circles as a luxury, can be reformulated in terms of natural resource management — a legitimate technical issue for the development professional.

Since 1983, when environmentalists first publicized the link between bank-financed development and environmental destruction in hearings before the U.S. Congress, the multilateral development banks have responded with both damage-control measures and reforms. As the World Bank's December 1987 draft report shows, bank officials openly acknowledge the role of environmental organizations in triggering these changes.

The Strategy

Environmental organizations have been successful in their efforts to force institutional change by recognizing the political underpinnings of multilateral development aid and by bringing pressure to bear on these institutions at their most vulnerable points. U.S. environmental organizations understood early on that the multilateral development banks would never take their suggestions for environmental reform seriously unless continued ecological neglect could somehow be made to pose a threat to the growth and even survival of the banks. So they directed their attention to the major donor nations, on which the development banks depend for their funds. The United States alone contributes nearly one-fifth of the World Bank's funds each year and a substantial portion of other banks' funds. Taking advantage of the fact that the development banks have no natural political constituency within any of the donor nations — no group, in other words, that is directly affected by the work of the banks — environmentalists, working with groups in developing and developed countries, built a constituency for greater public accountability on the part of the banks.

Since the development banks' most vulnerable point is the funds provided to them by donor nations, the greatest leverage can be brought to bear through the funding mechanism, which, in the case of the United States, means the U.S. Treasury and the relevant congressional subcommittees. Therefore U.S. environmental organizations have sought to influence the banks by pressuring U.S. institutions. What has made allies in these institutions for the environmentalists has been, in part, their measured approach: they have called for reform of the banks, not their abolition.

Environmentalists acknowledge the value of the development banks and their even greater potential utility. They have simply asked that the banks be required to honor their mandate — to promote economic progress in a sustainable fashion. At critical moments, in fact, environmentalists have shown that they can be counted among the banks' friends. Many of them supported the administration's full request for World Bank appropriations last year against congressional attempts to reduce funding, citing with approval the Bank's announced environmental reforms. At the same time, they suggested that if Congress had to cut financing, it should target the Inter-American Development Bank because of that bank's relative unwillingness to commit resources for improved environmental protection measures. Congress approved nearly the full amount requested for the World Bank and slashed IDB support by 75 percent. While Congress had a number of reasons to favor the World Bank over the IDB, environmental groups played a crucial role in swaying key votes.

U.S. legislators have taken up the idea of development bank reform with some enthusiasm. Since mid-1983, 21 hearings have been held by six subcommittees, at which the banks' environmental performance has been a major issue. Of particular importance have been the House and Senate appropriations subcommittees on foreign operations, which draft the annual appropriations bills for all U.S. foreign activities. In recent years Congress has been unable to pass foreign assistance legislation, leaving the appropriations bills as the only vehicles for such assistance likely to emerge from a congressional session. Members of those subcommittees have become conversant and activist

with respect to development bank reform issues, and have sent letters of inquiry concerning specific bank projects to the U.S. treasury secretary over the past three years, requiring detailed responses from the banks. Furthermore, these subcommittees introduced and helped to pass legislation directing the treasury secretary, in his capacity as U.S. governor of the multilateral development banks, to promote environmental reforms in the banks and to report back to Congress on the banks' progress.

The concerted pressure of Congress and the environmentalists has been quite effective. The first "no" vote ever cast for a World Bank project by the United States on environmental grounds came in June 1986, when Treasury Secretary James Baker instructed the U.S. World Bank executive director to oppose a \$500-million loan to the Brazilian Electric Power Sector for power projects in Brazil, including several in the Amazon rain forest. Moreover, the environmental reforms announced by World Bank President Barber Conable last spring strongly reflected the main points of the congressional legislation that environmentalists helped to draft.

U.S. legislators have become involved in these issues for a variety of reasons. Conservatives have found in the environmentalists' criticisms ammunition for their own long-standing objections to multilateral lending. Many prefer bilateral aid, which the United States is able to exercise greater control over, or oppose loans to developing countries altogether, arguing that they are a form of international welfare assistance with counterproductive economic effects for both recipients and donors (The latter criticism is far less persuasive since appropriations for the multilateral banks typically return, almost dollar for dollar, to developed-country contractors). Liberals, on the other hand, have generally been strong supporters of multilateral aid and the banks' mandate. But they are sensitive to the criticism that the banks are betraying their mandate with unsound development policy, and are receptive to the environmentalists' criticism because it respects the fundamental goals of the institutions. Most important, perhaps, both liberals and conservatives have found environmentalist support valuable in their efforts to get and stay elected. Environmental issues are a growing concern among the U.S. voting population and environmental groups have learned how to tap this concern for political purposes.

Environmentalists have found powerful allies in Senator Robert Kasten (R-WI), who chaired the Senate Appropriations Subcommittee on Foreign Operations until the 1986 election (he is now the ranking minority member) and Representative David Obey (D-WI), a liberal long supportive of multilateral aid and environmental concerns who chairs the parallel House committee. Obey, who has a strong record on environmental issues, has become an active proponent of environmentalists' recommendations for development bank reform. In 1986, he introduced legislation, strengthened by Kasten, which provided the elements of the environmental reform program later adopted by the World Bank. Kasten, on the other hand, has traditionally opposed multilateral funding requests. But environmentalists have shifted Kasten's opposition onto more constructive ground. His original anti-bank position has been modified considerably, as was evident in his refusal to support an amendment in 1987 promoted by Senator Jesse Helms to terminate supplemental funding for multilateral development banks that year. Because Kasten and Obey have at times cooperated across the partisan divide on these

issues, they have helped generate bipartisan support generally for development bank reform.

As the pressure on multilateral development banks has intensified, other U.S. government agencies have become involved. As a result of recent legislation, the Agency for International Development (AID), with the help of U.S. embassies, is now required every six months to publish an alert list of bank projects under investigation because of environmental problems associated with them. This "early warning system" as it is called, constitutes the only systematic collection of such information outside the banks themselves. The list, it is hoped, will permit early identification and remedy of problem projects.

U.S. government pressure is not enough, however, to exert leverage on the development banks. Among donor nations, support from West European finance ministries and parliaments is also critical. The strategies of environmental groups vary from country to country since the issues will be affected by the prevailing political climate and because parliamentary practices differ. The West German Bundestag, for example, does not have either the budgetary powers of the U.S. Congress or the power to direct the actions of the German executive directors of the multilateral banks. The work of local environmental organizations, in particular Regenwalder Information (Rainforest Information), was therefore pivotal in getting the government to adopt policy recommendations similar to those pioneered in U.S. legislations. Other countries, including the United Kingdom, the Netherlands, Australia, and the Scandinavian nations have adopted comparable measures. Membership appeals by developed-country NGOs have demonstrated the value of a large, vocal constituency within donor countries for bank reform. These appeals are generally tailored to the concerns of the individual environmental organizations. Bird watchers' groups, for instance, have been mobilized to protest the destruction of migratory-bird habitats in Central and South America — the result of ill-conceived agricultural colonization schemes. The response to these appeals has been strong. The Environmental Defense Fund (EDF) delivered 21,000 individual protest petitions from EDF members to World Bank President Conable in October 1987. Other activist groups in the United States, such as the Rainforest Action Network and the International Dams Newsletter, have mobilized members to write the presidents of the development banks and their U.S. executive directors. Groups such as Probe International in Canada, Friends of the Earth and Survival International in the United Kingdom, and Rainforest Information in West Germany have launched similar mass letter-writing campaigns in close coordination with their colleagues in the United States. As a result, the development banks over the past two years have received more mail on environmental issues than on any matter in their histories.

The significance of this outpouring has not been lost on the banks' executive directors. Criticism from the Green Party and other environmental activists in West Germany has reached such a pitch that, in a February 1988 meeting, the West German executive director of the World Bank told U.S. NGO representatives that he feared West German support for the Bank might be impaired. He asked U.S. groups to exert a moderating influence on German environmental critics — not to quell them but to better target their protests.

Without the participation of nongovernmental organizations in developing countries, however, environmentalists

would likely not have achieved the results they have. A collaborative relationship between NGOs in donor and recipient countries has emerged that has been critical to efforts to reorient international development policy. The significance of this factor was noted in the World Bank's draft report of December 1987: "NGOs have used their influence in the industrialized countries to insist on World Bank attention to the grassroots concerns of developing country NGOs... (They) amplified the voices of Brazilian NGOs on several resettlement and other land conflict problems."

The linking of developed- and developing-country NGOs is vitally important because the whole moral — and much of the political — legitimacy of the campaign rests on the claim that it represents the concern of groups in the developing nations, for whose benefit the development banks' projects are ostensibly designed. Without such links, there might be a flourishing of the traditional suspicion that many in developing countries harbor against environmentalists of the industrialized world — that they are self-indulgent conservationists encroaching on national sovereignty and callously ignorant of the need for economic development in impoverished countries. This would become powerful justification for bank officials to reject out of hand the recommendations of Washington-based NGOs, which have become the spearhead for the international campaign. Moreover, without such relationships, Washington-based NGOs would lack an understanding of the priorities and even basic data on the problems relating to bank-funded projects, while developing-country NGOs might have no effective vehicle to pressure the banks into paying greater attention to their plight.

This networking, concerned with immediate policy objectives and specific projects, differs from much traditional international networking, which tends to focus on conferences and seminars for the purposes of information-sharing in a more general sense. The network that has emerged out of the banks campaign is more like a working partnership. It has furthered the understanding among NGOs internationally of the unity of environmental and development planning — a link not always obvious to many in the developed-country constituency, the typical member of which tends to define his or her concerns in environmental rather than developmental terms. This is often a relatively new concept for many Third World groups, too — especially the more established ones — that may have had experience dealing with multinational corporations, national elites, and corrupt governments but usually have had little experience with multilateral development banks.

The establishment of this network follows a decade that has witnessed the appearance of numerous grass-roots organizations in the Third World concerned with economic growth and ecological balance. These are groups with a strong local presence, an activist and sometimes even direct-action bent, and, in some instances, the ability, experience, and will to pressure local, state, and national governments. The will to take a stand on environmental issues flows directly from the fact that these groups often represent the populations most immediately affected by development projects.

These groups are united with developed-country environmentalists in the goal of altering the model of international development so that it is environmentally suited to local conditions, participatory, and grassroots-oriented. They share the belief that many environmental and social

disasters characteristic of bank development schemes derive, in part, from the fact that these projects are conceived and planned by bureaucracies in developing-country national capitals and in Washington with little input from the people most directly affected by them.

A few examples convey an impression of how these newer groups in developing countries operate. Chipko, an Indian movement, has its origins in the late 1970s, when women in the foothills of the Himalayas formed human chains around trees in a nonviolent campaign to bar logging contractors from destroying the forests surrounding their villages. ("Chipko" is from the Hindi verb "to hug", since the protesters are literally treehuggers). Deforestation in this region has been precipitated by the issuance of illegal timber concessions by the state forest agency. Gandhian in spirit, this grass-roots movement has spread all over India. Another example is the Penan tribe in the Malaysian state of Sarawak in Northern Borneo. This group's livelihood and culture are threatened by the destruction of the rain forest they inhabit. In 1987 they staged a sit-down blockade along logging roads into their lands. And in northwestern Brazil, rubber tappers have for a decade mounted a number of nonviolent direct actions to halt deforestation by cattle ranchers and land speculators.

Many other Third World groups are based in urban centers and are engaged in public advocacy and research. They gather information on project problems and alternatives. The Guatemalan Defensores de la Naturaleza and the Mexican Federación Conservacionista, both relatively new groups, have produced valuable information on and lobbied against a proposed dam on the Usamacinta River along the Guatemalan-Mexican border. The Brazilian Institute for Amazon Studies conducts rain-forest research and works closely with rubber tappers in northwestern Brazil, providing legal and scientific research. In Indonesia, research by WAHLI (the Indonesian Environmental Forum), SKEPHI (the Network for Forest Conservation in Indonesia), and YPMD (the Irian Jaya Rural Community Development Foundation) had been important in shaping recommendations for redesigning transmigration policy. And the Center for Science and Environment in New Delhi gathers information from villages and grass-roots groups, publishing regular reports on the state of the environment in India.

The working partnership that exists between NGOs in developed and developing countries is especially apparent in the recent history of Singrauli. India's energy capital, where the World Bank and other foreign aid donors have helped to finance the construction of 11 open-pit coal mines and five giant coal-fired power plants. Some 300,000 people in the area have been uprooted several times. Twenty-five years ago the area, endowed with good soil, could support this population. Now coal dust and ash pollute the area, and deforestation and soil erosion are widespread. Malaria is rampant and tuberculosis is a leading cause of death. Indian groups, including Lokayan, a New Delhi-based organization concerned with the environmental and social impact of development, and several local Singrauli committees representing displaced people, asked the Washington-based Environmental Defense Fund (EDF) to pressure the World Bank to address their concerns, which two Indian government companies responsible for development in the region had been ignoring for years. In this case, as in many others, the World Bank became a target not only because it funds elements of the Singrauli project but because, as a multilateral agency with a mandate

to promote environmentally sound development, it is more accountable and vulnerable to pressure than many national agencies.

After a 1987 on-site inspection tour, EDF attorney Bruce Rich testified before appropriations subcommittees of the House and Senate on the situation in Singrauli. The U.S. Treasury Department followed up with written inquiries through the Bank's U.S. executive director. At the same time, India's leading English-language newspaper, the *Indian Express*, carried a scathing editorial based on Rich's testimony, prompting representatives of the state-owned National Thermal Power Corporation to consult with Lokayan for the first time. Meanwhile, a letter from EDF to the World Bank won the endorsement of 22 leading environmental and human rights organizations in India, as well as those of a former minister of the environment, and the chairman of India's National Committee on the Environmental Assessment of Thermal Power Plants. Among other things, the letter called for a rehabilitation plan for displaced people and an emergency environmental protection plan. Although a formal response is still pending, the World Bank has stated that its planned environmental assessment will be modified to address the issues raised by the NGOs, and that local groups and organizations in Singrauli will participate in future planning.

The collaboration of developed-country and developing-country groups has strengthened the power of both within their respective spheres. In the case of Brazil's Polonoeste project, for example, the protests of ecologists such as José Lutzenberger became a national issue in that country only after Lutzenberger testified before the U.S. Congress in a hearing arranged by U.S. environmental groups. Links with developed-country NGOs have also offered some protection against intimidation of local groups. Publicity in the United States about Indonesia's transmigration program emboldened Indonesian environmental groups to take a more aggressive stand on transmigration themselves — an act of political courage in a country ruled by a military regime not known to be shy about locking up its critics.

In Brazil, international attention may have protected Chico Mendes from future assassination attempts. Mendes, a rubber tapper and union leader, has narrowly avoided five attempts on his life by assassins apparently hired by local ranchers and land speculators in Acre. At the annual Inter-American Development Bank meeting in Miami in 1987, Mendes and EDF anthropologist Stephan Schwartzman lobbied IDB executive directors to support an alternative development strategy known as "extractive reserves." These reserves are large areas of the Amazon that rubber tappers are asking be used only for the extractive, sustainable harvest of rain-forest products such as natural rubber and Brazil nuts by local inhabitants. Mendes's visit received substantial publicity in Brazil and he was later given an environmental award by the United Nations Environment Programme. Besides greatly increasing the political cost of assassinating Mendes, the attention has contributed to a shifting of political winds in Acre. In fact, at a February 1988 seminar on development in Acre, Governor Flaviano Melo announced his support for the establishment of the first extractive reserve. The reserve will be situated in an area where rubber tapper NGOs are well-organized.

The rubber tappers' experience illustrates the interactive dynamic at play in the bank reform campaign. Brazilian

officials were persuaded to support extractive reserves, in part because the World Bank and the Inter-American Development Bank both formally support the proposal. The banks' decision, in turn, was influenced by the lobbying efforts of Mendes and his environmentalist allies in Washington. Now Brazilian government officials who are interested in sustainable development, at the state as well as the federal level, find their hands strengthened in the planning process by bank support for extractive reserves.

As the international network has developed, NGOs developing countries have also set up structures of communication among themselves. La Red Americana del Medio Ambiente (RAMA, or the American Network for the Environment), formed in 1987 after environmental groups from 15 developing countries attended a conference sponsored by the Inter-American Development Bank, promotes joint efforts aimed at influencing multilateral banks by NGOs in developing countries, and has a Washington link through the National Wildlife Federation. At the same time, NGOs from industrialized countries are increasingly working to improve coordination among themselves and strengthen their ties with developing-country NGOs. During the World Bank-International Monetary Fund annual meeting in September 1987, 28 environmental and indigenous peoples' groups from nine donor countries issued a booklet, *Financing Ecological Destruction: The World Bank and the International Monetary Fund*. The groups also published a joint statement, urging sweeping reform of the Bank and the Fund, which won the endorsement of 68 groups around the world.

Toward the Future

The first phase of the bank reform campaign has concentrated on containing damage in projects already under way, in the case of Polonoeste, for instance, the road had been built by the time loan disbursements were suspended. So now the emphasis is on keeping deforestation from getting out of control. In the case of Indonesia's transmigration program, success, too, is now measured in terms of alleviating the damage already done. Damage control of this kind represents a significant accomplishment, as does the precedent of making the multilateral development banks accountable for the environmental destruction their loans have helped bring about. But while much has been achieved, much more needs to be done. Ultimately, unity of design — ecological and economic — must be made an integral part of development planning. Alternative development projects need to be promoted that are both ecologically and economically sound. And there must be greater grass-roots participation in planning.

The case of the World Bank-funded cattle-ranching project in Botswana illustrates the successes and limitations of the first phase. Cattle-ranching projects in dry areas have been notorious economic failures and ecological debacles throughout Africa. In 1987, the Natural Resources Defense Council (NRDC) documented the ecological and economic damage of the Botswana project and presented this information to the World Bank. NRDC's efforts led to the U.S. Treasury's adoption of general criteria to guide U.S. bank executive directors in their voting on cattle projects.

The World Bank, however, has never formally recognized the validity of some of the fundamental arguments that underlie NRDC's criticism, such as the need for a unified approach to development. While the Bank suspended funding for the project, its stated reason for doing so was the chronic inability of the cattle ranchers to repay the agricultural credits that have been extended to them. This demonstrates the continuing need to pressure for a more

fundamental reorientation of the banks' approach to development.

The endorsement by the World Bank and the Inter-American Development Bank of at least one alternative — the extractive reserves proposal — is a promising sign. The reserves are one way to exploit rain forests economically without destroying them. The promotion of such alternatives is likely to be bolstered by the four major reforms that Congress, since 1986, has instructed U.S. executive directors of multilateral development banks to pursue. These are: greatly increased environmental staffing; regular involvement of environment and public health ministers in project planning and implementation; local nongovernmental and community organization participation in project design; and a shift in lending priorities so that the banks finance a greater number of environmentally beneficial projects.

The immediate agenda of the banks campaign still lies with these four major reforms. To date, the campaign has scored gains with increased environmental staffing and more regular involvement of environmental and public health ministries in project planning, particularly at the World Bank. But the involvement of NGOs from borrowing countries remains a battle to be fought in every case, as does a shift of lending priorities to more environmentally sound alternatives. What has made the first two reforms less objectionable to bank officials is that they can be executed with considerably more central control than the second two and therefore are less likely to threaten the banks' development approach at its core.

There is still tremendous political resistance within the multilateral development banks — and even more on the part of certain borrowing countries — to a model of development that would fully incorporate ecological concerns as well as make allowances for greater participation by local populations in project planning. The environmental NGOs see the issues of sound ecological design and local participation as inextricably related, both because local peoples often have indispensable knowledge of environmental conditions at project sites and because they are the ones most immediately affected by these projects. The NGOs also maintain that a model of development planning that fosters sound ecological and social planning requires a much freer and fuller flow of information about local conditions in the planning process.

But many developing-country governments are suspicious of NGOs and local community organizations, both internally as sources of opposition to existing policies, and externally — in relations with the banks, for example — as forces that can weaken the exclusive claims of central governments to represent local interests. The present structure of the multilateral development banks — centralized, hierarchical institutions that deal largely with only certain ministries in central governments — militates against wider access to information about the local ecological and social conditions. What the banks are in sore need of, from the environmentalists' perspective, is *glasnost*.

Thus, not only the weaknesses and lacunae of conventional economic theory but also deeply rooted institutional and political biases weigh against far-reaching reforms. Even in cases where current economic theory and studies — some commissioned by the World Bank itself — demonstrate the economic attractiveness of alternative, more environmentally sound investments, the lending pipeline of the banks hardly reflects the same common sense. A striking example is the energy sector, the second largest lending sector for the World Bank and the largest sector for the Inter-American Development Bank in recent years. A recent World Bank study revealed that in Brazil half of all

the new energy-generating infrastructure projected to be needed by the year 2000 could be obviated by investments in industrial end-use efficiency and conservation — investments that could cost less than a quarter of the cost of the projected construction. Yet the World Bank's 1986 \$500-million loan to the Brazilian power sector allotted only \$1 million for conservation measures. Another example is the recent World Bank loan of \$80 million to the Sudan, which was approved despite U.S. opposition on environmental grounds. The basis of opposition was that \$50 million of the loan is for unspecified pesticides — widely recognized as a disproportionately large input to Sudanese cash-crop agriculture and a cause of pest resistance and secondary pest infestations.

But if they do not reflect common sense, such lending decisions do reflect bureaucratic priorities. The multilateral development banks have an enormous amount of money to lend every year and, relative to that amount, a small staff to administer it. Given their current structure, the banks claim, with some justification, that they could not handle the load of many small-scale projects, which are administration-intensive. For a variety of reasons, including the banks' historical rejection of trial projects on a small scale, there has been little research into the economic consequences that are likely to result from the adoption of projects of this kind. Such research would help to justify alternative lending strategies. In short, while it may be clear that ecologically sound planning makes for better development, it has not yet been made clear to the banks that it also makes sound institutional sense. In a remarkable perversion of priorities, efficient use of bank staff often weighs heavier in the banks' lending decisions than the most efficient use of both the financial and the natural resources of developing countries.

As leaders in the banks campaign recognized from the outset, reform will not be truly far-reaching if the focus of the campaign is exclusively project-specific, although such efforts are the road to more fundamental objectives. This is especially true since the World Bank in recent years has greatly increased the proportion of its lending — 26 percent last year — for *nonproject* structural adjustment and sector loans. These loans are for large amounts (often several hundred million dollars), are quick disbursing, and are accompanied by macroeconomic conditionality designed to spur market- and export-oriented change.

The reforms already adopted have clearly resulted in some shifts in bank priorities. Environmentalists have urged the World Bank to integrate incentives for conservation of resources and management of the environment into its structural adjustment lending conditions, and the Bank is promoting such research in its new environment department. As well, in its background paper for the April 1987 meeting of the World Bank-International Monetary Fund Development Committee, the Bank emphasized that macroeconomic considerations of adjustment, trade balances, poverty, and growth were integrally related to pressures and incentives to conserve or destroy the environment and natural resource base. The major actor, though, in macroeconomic conditionality is the IMF. In fact, many of the World Bank's recent initiatives in lending for macroeconomic, structural changes have been in conjunction with the IMF and have overlapped with what has traditionally been perceived as the IMF's mandate. At the same time, there is already profound dissonance between the public statements and papers on environmental issues prepared by the World Bank for last year's joint development committee meeting and the IMF's absolute silence on these same issues.

This dissonance makes it imperative for NGOs to approach the IMF, both in order to expand the effectiveness

of the reform campaign and also not to lose ground already won. The IMF's avenues of political influence and accountability beat many resemblances to the World Bank's. The IMF's focus on macroeconomic conditionality, and the development banks' creeping toward such policies, offers the potential to reshape the definition of that conditionality. Among the key issues that should be addressed are the impact of agricultural policies and unequal land tenure on deforestation, and the impact of national export and commodity pricing policies on sustainable management of natural resources in general.

The most urgent international macroeconomic issue of all — the catastrophic burden of foreign debt on developing nations — offers a good opportunity for further establishing the link between economic and environmental health. For more than two years the National Wildlife Federation has been advocating "debt-for-nature swaps", in which part of a country's agreement to protect a portion of its natural resources, typically forestland. The pioneering success of Conservation International, a group outside the bank reform campaign, in executing a debt-for-nature swap in Bolivia last year made the notion concrete, and both private banks and national governments are now exploring this option with environmental groups.

Clearly, debt-for-nature swaps, no matter how successful, are not an answer to international debt (Conservation International's deal reduced Bolivia's \$4.1-billion external debt by only \$650,000). However, they offer one more opportunity for developing countries to shift priorities toward natural resource management. In 1987, environmental groups helped to draft and win passage of legislation that calls on the Treasury Department to promote kindred initiatives in the World Bank and the IMF.

Effective policy intervention will require steady political pressure. The fact that the World Bank has undertaken some bureaucratic reforms, for instance, does not mean that environmentalists can assume that their case is won, or even that their ideas will get a sympathetic hearing. New posts have been created in the past, only to have business conducted as usual. But what has been won is an unprecedented and undeniable place for citizen activism as a force for accountability on the part of the major agencies controlling the international development agenda. The strategy has wrongly been called "bank-bashing" by some bankers and other individuals with a vested interest in the status quo. Though at times adversarial and aggressive, the banks campaign is very much in the democratic tradition of citizen vigilance over public institutions. The campaign has striven to achieve power as well as influence. The financial and ideological independence of the environmental groups has been critical in this regard, as has been their clear recognition of the importance and value of the multilateral development banks for the future of international development. In fact, as even World Bank President Barber Conable has acknowledged, the groups involved are friends of those bankers who take seriously their mandate to plan for a sound economic and ecological future.

The lessons learned in the struggle to gain citizen power in a process so long controlled by a small elite of financial and development bureaucrats merit careful consideration: the need to create an independent pressure base, to use existing channels of power, to acknowledge and to give full expression to the controlling organizations' mandates, to develop a soundly researched case that includes not only specific evidence of damage but concrete alternatives, to build coalitions that cut across long-standing antagonisms, and to increase public awareness. These are all basic to policy intervention in any arena, and, indeed, to constructive social organizing and political advocacy in general.

The survey included in this issue of *Transnational Associations* covers significant aspects of the current debate between international associations and the World Bank. The following articles are recent contributions from both sides on such basic topics as the external debt and structural adjustment, poverty alleviation, the social and environmental dimensions of development in a global economy.

Le dossier ouvert dans ce numéro d'Associations transnationales couvre quelques uns des aspects les plus significatifs du débat opposant les associations internationales à la Banque mondiale. Les articles qui suivent représentent des contributions récentes des deux parties sur des questions aussi fondamentales que la dette extérieure et rajustement structurel, la réduction de la pauvreté, les aspects sociaux et écologiques du développement dans le cadre de l'économie mondiale.

World Bank and poverty alleviation an NGO view *

by John Clark

« If the Bank is to be able to play a serious role in the alleviation of poverty, then it will need to take a more developmental-orientated approach to investment than is currently permitted within its lending procedure ».

Poverty Alleviation Task Force
Report (Annex on Agriculture)

Introduction

This quotation is an appropriate starting point because it provides three salutary reminders. Firstly, in spite of many well intended top level speeches and policy statements, many staff within the Bank are still in some doubt as to whether the institution *seriously* intends to make poverty alleviation a central, as opposed to a peripheral, objective. Secondly, were the Bank to take such a serious course, it would take more than the addition of new poverty focussed programmes; it would entail a fundamental re-thinking of the development model the Bank espouses. Thirdly, the Governments which control the lion's share of the voting power on the Bank's board constrain the choice of development model pursued by the institution, and are unlikely to allow a fundamentally revised lending approach.

Probably, everyone on the Bank-NGO Committee has been encouraged by one or more initiative that has been pursued by the Bank over the past year. Many very real efforts have been made to consult with a wider range of NGOs over a wider range of issues. The treatment of environmental and resettlement issues is now much more fulsome. In many cases the planning of adjustment programmes includes consideration of protecting the poor from the outset, rather than adding on compensatory programmes after the event. Important steps have been made towards addressing food security within development planning, including a long overdue review of food aid practice. Greater prominence is being given towards making Bank interventions more appropriate to women, especially women farmers, and efforts are now underway to establish Core Poverty Programmes in at least a selective group of borrowing countries. All these steps, and others, are important and will no doubt be supported and praised by many NGOs, but do they represent any more than changes at the margin of an otherwise unchanged paradigm,

* Paper for the 1988 meeting of the World Bank - NGO Committee. This paper was endorsed by all of the NGOs on the Committee and so stands as a paper of the NGO Working Group on the World Bank. The author is an Oxfam/UK official.

more than a coat of paint to put a new, more appealing face to the old institution? Are NGOs naive to hope that an institution whose main function is macro-economic development planning *can* make more than marginal changes without, first, a revision of the « Group of 7 » thinking on such issues?

To those who have spent much time reading Bank reports and speeches on poverty issues, this year's World Development Report makes sobering reading. Issues of poverty scarcely get mentioned, while conventional talk of « prudence » appears on every page. The reader is given a thorough lesson in monetarist orthodoxy, but not reminded until the very last passage of the very last page that « reducing poverty remains the ultimate challenge of development policy ». No room left to say how to achieve this challenge.

So, which is the « real World Bank »? The Bank which writes special small circulation reports on poverty alleviation? Or the Bank which views poverty as just one out of oh-so-many issues to be remembered, (on the last page), by those who are responsible for managing the economic affairs of our planet?

Of all publications produced by the Bank, the World Development Report is its flagship. It is this that gives the Bank's overview of the broad development scene, and, reading a succession of WDR's it appears that food security, natural resource base preservation, development opportunities for women and for the extremely poor, protecting the poor from adjustment pressures etc., all feature as relatively minor issues while the central issues remain as export promotion, debt service management, control of public spending, reducing parastatals, market liberalisation, price de-control etc.

It is important, therefore, for NGOs who are interested in the Bank's approach to poverty to put this in the context of the development model pursued by the Bank. This subject is discussed in the next section of this paper, followed by an analysis of the principle policy shifts and new approaches on poverty issues that have been developed by the Bank over

the past year (Section 3), and a similar review of Bank-NGO relationships (Section 4). The annexes provide a summary of most of the main World Bank papers and reports that have been used in preparing this paper. These, (and the abbreviations used in referring to them henceforth), are :
Report of the Task Force on Poverty Alleviation (PA)
Report of the Task Force on Food Security (FS)
 Paper defining the Social Dimensions of Adjustment in (SDA) Africa Project
 Reports to September 1988 of Development Committee from (DC) World Bank President and Bank/Fund Staff
 World Development Report 1988 (WDR)
 Draft Africa report by Stanley Please & Ram Agarwala (AR) (still underway)
 My report to the 1987 Committee (JC).

The Development Model

Whose Responsibility?

Life expectancy in sub-Saharan Africa is dwindling. Why? Infant deaths in Brazil are rising. Why? It is well-known that, beyond cruel natural causes, lie cruel economic causes. The world is in a recession and so, « prudence » is called for. To read the smug communique from G7 countries to this year's Annual Meeting of the Bank and Fund, one would think that industrialised countries had the monopoly on prudence. This, and other reports (including, frequently, from the World Bank), add to the common impression that industrialised countries manage their affairs well, while developing countries don't. Third World Governments, it is implied, squander their

money on subsidies and on maintaining bloated civil services, they ignore the need to make painful cuts in social services and to encourage investment and savings, they direct too little resources to capital, (as opposed to recurrent spending), and they fail to attend to their budget and current account deficits.

Each of these accusations bears some scrutiny. Using WDR figures to compare the situation of low income and industrialised countries, we find :
 Industrialised countries (IC) spend about 18% of their GDP on subsidies, while low income countries (LIC) spend 6%. ICs spend a higher proportion of their GDP on public sector wages than LICs do.
 LICs use a higher proportion of their budgets, (16%), for capital spending than ICs do, (6%), - though the majority get swallowed up in principal repayments within debt service.
 LICs Government spend 8% of their budgets on the social sectors, compared with 56% for ICs.
 LICs have a higher proportion of GDP directed to investments and savings than ICs do.
 LICs budget and current account deficits pale into insignificance when compared with those of U.S.A.
 Government spending in LICs accounts for a lower proportion of GDP than in ICs. In many LICs, debt service accounts for more Government spending than do all wages, salaries and subsidies combined.

It is undeniable that public expenditure must be controlled. The cost must be cut according to the cloth, but who controls the supply lines to the tailor? And in times of constraint and urgent need, it is essential that the limited public expenditure is used for the common good, not disproportionately for debt service. Moreover, we find that

World Bank activities in the least developed countries Contribution by the World Bank*

Expanded Poverty-oriented Activities: The Bank has increasingly oriented its operational activities to strengthen its support and impact beyond project investments, and help member governments improve sectoral policies particularly those aimed at sustained development and poverty reduction. Bank policies in three key areas illustrate this broad-based approach:

- (i) *Environment:* Protection of the environment and reduction of poverty are inextricably intertwined - in both complementary and competitive ways. The Bank aims at helping governments find areas of greatest overlap in these objectives. Expanded Bank operations and assistance seek to integrate environmental concerns in national development policy; deepen the environmental assessment of Bank/IDA-assisted operations; and initiate a series of country environmental assessments and national action plans. Formulation of such plans is already being carried out in a number of developing countries, including LDCs.
- (ii) *Increased cooperation with Non-Governmental Organizations (NGOs):* Stepped-up efforts in support of poverty reduction have increased cooperation with NGOs, given the important perspectives they bring to development activities at the local level. Growing involvement by NGOs in Bank-supported government operations can strengthen the effectiveness of these projects. Some 250 upcoming Bank-supported operations in 65 developing countries, including 28 LFCs, have been identified for possible NGO involvement.
- (iii) *Women in Development:* The Bank's expanding support for women in development aims at making development programs more productive and efficient, given the critical role which women play in the economic life of developing countries. It has strengthened its capacity to incorporate women's concerns in project investments, in country economic and sector work, and in research on issues which influence women's economic productivity.

* This text is an excerpt from a Preparatory process for the Second United Nations Conference on the LDC's A/CONF.147/PC/3/Add.I TD/B/AC.17/31/Add.1 23 October 1989. Intergovernmental Group on the Least Developed Countries, Seventh session, Geneva, 26 March 1990.

Northern Governments frequently accuse Southern Governments of « extravagances » which they themselves are guilty of. Southern Governments must make adjustments in their economies - they have little alternative - but it is not imprudence (the failure to adjust) that has caused the economic crisis. The roots of the crisis lie in international economic relationships, dominated by Northern interests, which cause commodity prices to tumble, protectionism to disrupt world trade opportunities and interests rates to soar. Against this background the policy advice given by G7, IMF and World Bank to developing countries is economic orthodoxy: Prudence, orderly adjustment, demand supply management, export promotion, regular debt service etc. Over the past two years, issues of poverty have been talked about more but the basic prescriptions remain the same. All that changes is that there are statements added to the effect that orderly adjustment helps the poor in the long run. There is no evidence for this confidence. There is not even evidence to suggest that orderly adjustment offers - in time - a way out of the debt crisis. This year's World Debt Tables, (World Bank), point out that no country undergoing re-scheduling since the debt crisis unfolded has significantly reduced their debt rates. It is hardly surprising, therefore, that more and more countries are doubting whether the burden of debt service warrants the inherent social and political costs and are falling into default. The Bank should be much more outspoken in calling for profound adjustment in the North and should point out that neither the debt crisis nor the poverty crisis can be solved by action in the South alone.

Adjustment on Transformation in the South

Now that the human cost of adjustment programmes are better understood, the question is often asked « does adjustment go too far, too fast? » Perhaps the question we should ask is « Does adjustment go far enough ? »

The orthodox global development model has so manifestly failed most Third World countries, and so tragically failed the poor, that talk of « adjustment » appears insultingly inadequate. Is it not a cynical deception to suggest that « adjustment » - retuning rather than rethinking - can possibly address adequately the dual crisis of debt and poverty? If the old model has failed perhaps we should be looking for a new one, not retuning the old. In which case we should speak of structural transformation, transformation to a new development model that places priority on the internal needs of developing countries and on the well-being of the poor.

This is hinted at in some recent Bank reports, but needs to be more explicitly developed as a central tenet of bank philosophy if the Bank is to enjoy fulsome support from the NGO community. For example, Shlomo Reutlinger's report, « *Poverty and Hunger* », suggests that there should perhaps be more emphasis on local food needs than on export crop production, and the FS report talks of the « trade-off » that should be recognised between growth and equity, and between agricultural investment in high potential areas and investment in the low potential areas where of the rural poor live. However, most of the Bank's operations (especially in structural and sector lending), are still directed towards pursuit of exports. The draft African Report advocates a « much more aggressive attitude towards exporting »).

Even within domestic food production, the Bank's emphasis is very much on the production of marketed as opposed to subsistence crops. The PA report advocates innovations such as the Green Revolution, even though its own annex on agriculture debates whether the rural poor have benefited from such schemes in Southern Asia, and concludes that technical innovations by themselves are not sufficient to address food insecurity. They should be supplemented by public policies to address distributional issues.

Agricultural projects aimed at increasing exports or domestically marketed goods appear on paper to have a high economic rate of return, and therefore contribute both to economic growth and to increasing the agriculture sector's share of GDP, but this can be deceptive. When such schemes displace subsistence crops, (which tend to be under-valued in economic calculations), the project benefits can be overstated. Do they stimulate growth or simulate growth?

Moreover, what impact does switching from subsistence to marketed crops have on local food security? According to both AR and FS reports there is no harm done, but NGOs can provide many instances where such shifts have been accompanied by deteriorating female and child nutrition status, (such as with large scale rice, wheat and maize schemes in many countries, eg. maize promotion in Northern Province, Zambia). The reasons are complex, unclear and varied. These shifts can further polarise economic power between men and women, (when men assume responsibility for marketing, and can therefore pocket the proceeds), and between marginal and larger farmers (the farmers have poorer access to the credit and inputs required). They can increase risks of crop failures and erode the production of traditional, more sturdy crops. They can erode traditional coping mechanisms for dealing with temporary shortages (e.g. Northern Province, Zambia), and they can erode traditional reciprocal labour arrangements.

Factors such as these are most acute in interventions aimed at pastoralist communities. Hence it is in this area that we have seen some of the most spectacular and damaging failures of official aid. Many schemes funded by the Bank and other agencies, for example the indiscriminate sinking of boreholes, help the wealthier pastoralists to enclose ranches to the detriment of the poorer pastoralists and to their environment. Many are being pushed to more and more marginal land, and to the towns. This issue of displacement needs to be addressed, but the important problems of pastoralists are hardly mentioned in the PA and FS reports).

The Bank has been well advised to increase its concentration on agriculture in recent years, but the objectives have been too orientated towards macro-economic needs and export performance, and too little towards domestic hunger considerations. Even the FS report places too little attention on the importance of crop choices. At the very least the poor's preference for diversity should be respected. Spreading the risk is the hallmark of poor farmers' traditional response to adversity, whereas planners tend to prefer to put all their eggs in one productive basket.

A key issue in rural development, especially in Asia and Latin America, is land. The PA report makes some significant remarks about the need for land reform, normally a subject regarded as too controversial for the Bank, but it falls short of suggesting that land reform and the redistribu-

tion of other assets could be conditions of future policy-based lending. Such a course would provide a real opportunity for the Bank to apply leverage for a truly poverty-orientated new rural development approach.

The ES report is a welcome addition but, again, NGOs must ask how serious is this new approach to be? FS defends certain types of subsidies, (on food consumption by the urban poor and net food deficit farmers, and on inputs for marginal farmers). Will this mean that Governments can expect to receive two contradicting sets of policy advice in future, one associated with adjustment programmes calling for a phasing out of subsidies, and another from the food security team advocating the retention of some subsidies? Moreover, no budget is indicated for either the FS or PA approach, and so we have no way of telling whether these new approaches represent a marginal or a wholesale shift in the Bank's approach.

NGOs would welcome unambiguous statements from the Bank about the importance of land reform and shifting towards local food security through increased emphasis on subsistence crops, and commitments to support such measures.

Some recent statements begin to suggest that market liberalisation may not be the « be all and end all ». The draft African report advocates a more « nurturing on protective strategy », but elsewhere, (successive WDRs), we find undiluted praise for market mechanisms. The Bank should be more forthright in recognising the need for economies in crisis to protect strategic ailing industries which cater for their internal market, (the only market that developing countries can rely on). The troubled economies of war-torn Europe in the '40s and early '50s did not, after all, turn immediately to market liberalisation, and indeed protectionism by industrialised countries presents a very heavy penalty for developing countries today.

Similarly, the Bank should be more prepared to recognise that certain parastatals play an important function beyond their albeit poor contribution to the economy.. For example, the reduction of the role of the state agricultural marketing corporation in Malawi (ADMARC) has, in Oxfam's experience, exacerbated food insecurity in rural areas. This is not to say that the Bank should not help expose and correct the inefficiencies of State Owned Enterprises, but more recognition should be given to possible social contributions they make and which should be safeguarded.

There are indications that the Bank is prepared to be more flexible on these issues in future. PA, FS and AR reports all refer to the need to make some modifications to adjustment programmes accordingly. AR points out that adjustment programmes often fail because they have been too heavily led by the Bank and Fund in the past and prove to be politically difficult for the Governments to defend. The authors suggest that a more flexible approach which is genuinely « owned » by the Government in question might be better in the long run.

Is this approach of greater flexibility a sincere departure for the Bank or the expression of just a small element within the Bank? If « yes », then it is clear that a profound difference exists between the Bank and the Fund. The Fund does not even concede that present adjustment policies bring any social costs. In their report to this year's Development Committee, Fund staff state that « there is no support for the view that adjustment programs generally hurt the poor as a group ». This contrasts starkly with many

Bank statements in the PA report and elsewhere. If the Bank and Fund's thinking differs so greatly on this issue, in questions of liberalisation, on the pace of reform, on the trade-off that should be entertained between economic growth and equity considerations and on other essential items, then this debate should be brought out into the open.

Poverty Alleviation

While various Bank statements, (FS, PA etc.), indicate more attention to poverty issues in the future, we are not able to quantify the degree of shift, and therefore the political will, involved. Although the Social Dimensions of Adjustment project carries a defined budget (upwards of \$ 45 million, essentially for data collection activities), neither the Food Security nor Poverty Alleviation approaches do. Indeed the original P.A. proposal to develop Core Poverty Programmes, (see Annex 1), in each borrowing country (a selected group in the first year, extending to other countries over the following two years), has been watered down by the Bank's board to « exploring the feasibility of formulating Core Poverty Programs with interested Governments », (President's D.C. report). A few pilot country approaches are now envisaged.

Poverty Alleviation Task Force

An earlier Bank Task Force on poverty, (chaired by Shahid Hussain), advocated targeting a specific proportion of Bank lending for poverty alleviation activities. In this way, observers would have a yardstick by which to measure the Bank's commitment to poverty alleviations. This proposal was resisted by Bank management and that Task Force eventually disbanded. The new P.A. Task Force (under Atilla Karaosmanoglu), rejected the earlier proposal as tokenistic and cynical though it is not explained to the reader why this is the case. The Bank declares the proportion of its lending that goes to Agriculture or Transport. Why should it not declare the proportion that goes to direct poverty alleviation?

The P.A. report will probably be viewed as disappointing by NGO readers (though many of the Annexes are very interesting and encouraging). Apart from a fleeting reference to land reform, (especially in Latin America and the Philippines), the principal new idea is that of the Core Poverty Programme (CPP). This is rather imprecisely defined (and not quantified in any way), as the packaging together of a range of Bank interventions (food security, poverty focused projects, compensatory programmes, re-directing social spending etc). How the various elements will be strengthened by their intervention into a package like this is not immediately clear. Will, for example, Country Departments on Resident Missions have separate staff responsible for the CPPs?

The P.A. report does make clear that the economic rate of return criteria on poverty alleviation lending should, in certain circumstances, be eased (though it should be remembered that the lending would be on standard IDA terms; the Borrower is expected to repay in full. A new « poverty programme credit/loan » is proposed as an instrument for funding CPPs). The P.A. report also states that non-CPP, (i.e. traditional activities) should be carefully reviewed to look at their poverty implications.

Food Security Task Force

This report is altogether more explicit and progressive. It is outspoken about the need for revising adjustment beyond the introduction of compensatory programmes. It calls for a new initiative for Women Farmers in Africa, (though this became somewhat diluted in the final version of the report), and it envisages a fundamental review, (together with World Food Programme), of non-emergency food aid to Africa, to ensure that this contributes to, and does not undermine, food security in the future. (again the wording on this was softened in the final drafting from « the adverse impact » to « the potential weakness » of food aid). Furthermore, the crucial role of NGOs is recognised (see Section 4).

NGOs would probably like to see more emphasis given to agricultural choices (marketed versus subsistence crops), as mentioned earlier would call for quantification of this new approach, would want to see more treatment given to especially vulnerable groups such as pastoralists, and would want more specificity on the initiatives for women farmers, but on the whole would probably be broadly sympathetic to the main thrust of this report.

Social Dimension of Adjustment in Africa

There appears to be some confusion between the Food Security initiative for Africa and the more limited Social Dimensions of Adjustment in Africa project. The latter would involve setting up procedures on collecting data to ascertain precisely how adjustment programmes are impacting on the poor (through household and other surveys and through strengthening in-country statistical services), but it would also involve establishing mechanisms to feed the data into reviews of adjustment programmes where both FS and SDA projects coincide (relatively few countries in the first instance). This latter element may become rather confusing. It would seem more appropriate to make the SDA project a component of the FS strategy.

The recent attention to the need to revise adjustment programmes so that they protect and even help the poor from the outset is welcome, but it remains to be seen what shape this «second generation of adjustment» will take. The SDA project - to understand how the poor are affected by adjustment - is an important and serious step, but it is not beyond criticism. Bilateral agencies and NGOs (at a consultation in Spring '88) doubted that the expensive, uniform statistic approach - standard in every country - was most appropriate. They urged a cheaper, quicker, more flexible approach using more participatory research methodology, (such as rapid rural appraisal techniques). The defence was that only a uniform mechanistic approach would be able to prove that deterioration of social indications was actually caused by adjustment programmes. The response to this was that surely the emphasis should be to look for policy reform (through adjustment programmes), that will *help* the poor. It is obvious that the poor have suffered in recent years (though whether it is adjustment or recession that has precipitated this is debated), and the priority should be to arrest this slide (as is emphasised by the FS approach).

Other Comments

The PA and FS reports call for a re-directing of social spending towards the poor, along the lines of UNICEF's

« Adjustment with a Human Face » proposals, but WDR '88 points out that investment on urban infrastructure may be justified on ground of economic efficiency.

None of the reports on Africa (FS, SDA, AR), take into consideration the impact on the poor of war or déstabilisation by South Africa. It seems shortsighted to ignore such vital issues in any such regional treatment.

Relatively little consideration is given in all the reports to measures to strengthen the natural resource base.

Although many references are made to the importance of NGOs (see next Section), it does not yet seem that the Bank is advocating a participatory style of development, taking « listening to the poor » as its starting point. The Brundtland Report provides salutary advice on this point. It states that the first pre-requisite for sustainable development is «securing effective citizen participation in local decision-making» on development issues. This is a principle close to the heart of most NGOs.

There is still a considerable emphasis on the « technical fix». For example, PA report advocates Green Revolution style agriculture which, it states, is « scale neutral », while the experience of NGOs is that the poor are frequently further marginalised by such innovative technology unless parallel efforts are made to provide them with the necessary credit, irrigation, seeds, other inputs and effective markets.

Relationships with NGOs

« Partly at the urging of their Third World colleagues, many industrialised country NGOs are becoming more active in development education. They are also extending their lobbying activities in broader development issues such as international debt, trade and the environment..... The insights carried on these people-to-people links bring grassroots experience to the public at large and to decision makers who often need such alternate, open channels.....

« In just the last few years, NGO influence on Bank policies has grown. Some NGOs joined with UNICEF and other international agencies in expressing concern that IMF and Bank supported adjustment programmes in the early 80s did not adequately attend to poverty concerns. NGO criticism on environmental and resettlement issues was sometimes excessive, but it helped us become more keenly aware of these issues.....

«Some NGOs can give policy-makers important insights about the effect adjustment policies have on poor people and suggest alternatives.....

«A few NGOs have been working for some years, with great sophistication, to improve the quality of international development assistance. I appreciate what they have achieved. »

Moeen Quershi, Senior Vice President.
Speech to Washington Chapter of Society for
International Development.

It is clear that the Bank wishes to place more emphasis on poverty alleviation, especially through innovative programmes for the very poor, and women in development, and for these reasons seeks closer collaboration with NGOs. While this is encouraging at one level, it gives rise to a concern that the Bank may be asking NGOs to take on board too much responsibility for the complex tasks involved. Responding to pressures to become more poverty focussed by expanding the use of NGOs is an easy path compared, for example, to using Bank influence to

lever for land reform and the re-distribution of other assets. The many references to NGOs in the PA, SDA, AR and other papers indicates a paradox. There is a danger that the Bank may, on the one hand, over-estimate the capacity and, on the other hand, under-estimate the potential of NGOs.

The copious references to NGOs as implementers of project components may be frustrated by the inability or unwillingness of NGOs to deliver. An annex to an earlier draft of the FS report referred to the « *untapped implementation capacity* » of NGOs. It may be that this capacity is not tapped by the Bank, but it may be fully utilised by the NGOs' own agenda. Also, as was itemised in last year's NGO paper to the Bank-NGO Committee, NGOs will mostly expect certain conditions to be met - safeguarding their own operating style - before they will be prepared to enter project collaboration with the Bank. The NGO capacity may, therefore, be over-estimated.

On the other hand, (with some exception in the case of the FS paper), it seems that Bank still largely sees the NGO role as being limited to project implementation. The wider role of NGOs in helping to bring the poor into the project/programme identification and planning stages is still under-explored. An under-estimated potential.

To be fair, an increasing number of Bank staff, (not just in Strategic Planning & Review), are advocating a much role for NGOs. For example, the India paper in P.A. (Vol. II) stresses the need to involve the poor in the design and implementation of projects, and therefore to understand local decision-making processes if « assistance is to be sustainable and effective. This suggests a much greater involvement of NGOs in project analysis and implementation », and the Asia background paper to P.A. also cautions that NGO lessons about different groups of poor people should be incorporated into the *design* of public programmes. There are also suggestions that policy dialogue is important and can be effective :

«Recent experience has shown that NGOs can also influence the policies of large development organisations. Discussions between NGOs and the World Bank on policy issues regarding, in particular, poverty issues and the environment, have contributed to the evolution of World Bank policies in the content of structural adjustment programs.

Partly in response to NGO concern, the Bank has taken a number of steps over the past year to sharpen its focus on poverty and to lighten the social costs of adjustment especially by targeting better the support for social expenditures ; compensatory programs are being started in several countries and will benefit poor people adversely affected by adjustment. Some NGOs have argued that what is really needed is a chance for local NGOs, especially organisations of poor people, to influence adjustment policies, not just the small compensatory programs that help cushion the impact of harsh policies ».

« NGOs & Local Development » Agriculture & Rural Development Dept. - April 1988.

There is still relatively little experience of the Bank's use of this wider NGO role. For example, some NGOs, (grassroots and international), are now engaged in active dialogue with the Bank about mitigating harmful social and environmental aspects of specific Bank funded projects. The Bank has publicly applauded the NGO role in helping to re-design these projects (e.g. Bank's environment report to this spring's Development Committee, which refers to

NGOs work on the Narmada dam as «constructive»). However, never once has the Bank approached the NGOs who are prominent in this field to ask advice or help in soliciting grassroots concerns about an upcoming project. Indeed the NGOs often find it very difficult to get access to relevant information.

Where a wider NGO role is recognised (F.S.), a Bank objective is stated of bringing NGOs and Governments closer together. Government-NGO mutual distrust is recognised in some countries, and this is viewed as a constraint on Bank-NGO collaboration. Although trilateral discussions and even collaboration may be in order in some circumstances, the Bank should consider bilateral Bank-NGO discussions, alongside Bank-Government collaboration, elsewhere. The Bank routinely uses channels other than the Government in question to gather the information necessary to plan its programme. It should see NGOs, and indeed peasant organisations, co-operatives, trade unions, women's organisations, organisations of indigenous populations, etc., as essential independent channels of local knowledge-

References are made in FS and PA to the need for a Bank mechanism to grant fund NGOs. A proposal on this is - apparently before the President's Council. While this will provide some clear advantages, it will also give rise to some dangers, as does expanded project collaboration, NGOs embrace a wide spectrum and unless the Bank-NGO Committee or some NGO body rapidly provides the Bank with some clear guidelines on how to select NGOs, country by country, for collaboration on grant funding, the Bank could help foster a range of bogus NGOs which are not truly representative of the grassroots.

Conclusion

No one can doubt that there are some serious moves afoot in the Bank to address poverty issues more seriously, initiatives that are led by well-motivated individuals and encouraged by high-level policy statements. What has yet to be demonstrated is that these reflect a change in the direction of the institution. Staff frequently remark that the institution is a many-faced one. Is the « poverty alleviation face » to be lost in the crowd, to be presented prominently or to be lost behind the faces that advocate tougher adjustment efforts and orderly debt service (WDR), and more aggressive export promotion (AR)?

President Conable (DC), and various Task Forces (FS, PA), advocate developing poverty alleviating programmes with « interested Governments ». Does this mean that Governments committed to poverty alleviation can expect to get increased IDA funding in future, or that the existing levels of funding will remain and showed more to poverty programmes ?

There are some calls for orthodox principles of market liberalisation to be softened to allow for a more nurturing or protective approach to the internal market (AR), but elsewhere orthodox prescriptions are maintained. We do not, as yet, see advice given to promote aggressively South-South co-operation, such as in collective bargaining on importing arrangements with Northern countries (it is estimated that this could save up to 20% of developing countries' import bills).

Still, we see the same advice (orthodox adjustment and export promotion) being given to all debtor countries. If an individual country falls into budget and current account

deficits such advice may be sound, but when almost the entire Third World has the same set of problems is it not time to say that it is the international economic system that is at fault, rather than individual debtor countries? It stands to reason that the case-by-case approach breaks down in such situations. If all debtors are urged to export more aggressively, and they all depend on a limited range of export items for which demand is not expanding, then this will contribute to the further erosion of commodity prices (« Comparative advantage » - concentration on exports that are suited to a particular country - turns rapidly into « absolute disadvantage »).

While these broad questions relating to the overall development model pursued by the Bank remain unanswered, relations between the NGO community and the Bank will remain uneasy. There is undoubtedly scope

for increased collaboration on specific projects or programmes, but many NGOs will be wary because of an anxiety that collaboration may be interpreted as an endorsement of the Bank's overall approach and would therefore afford a legitimacy which the NGOs feel has not been earned.

It is for this reason, more than any other, that there is some considerable unease within the NGO community about the Bank-NGO Committee - exacerbated, perhaps, by the considerable publicity given by the Bank to the Committee.

When there are more wholehearted shifts by the Bank on the broader development issues, then there will be a much healthier relationship between NGOs and the Bank. All on the Bank-NGO Committee should work towards this day.

Task Force on Poverty Alleviation Members

Attila Karaosmanoglu, Bilal Alisbah, Javed Burki, Vinod Dubey, Parvez Hassan, Per Ljung, George Psacharopoulos, Ismail Serageldin, Marcelo Selowsky, Oktay Yemal.

Introduction

The Task Force was established following Mr Conable's « rededication » of the World Bank to combating poverty, in his 1987 annual address to the Board of Governors. The objective was to make recommendations of « a package of significant changes in the Bank's operational approaches to poverty alleviation » which if matched by similar actions by other donors and LDC governments would make it feasible to « dramatically reverse the global trend of increasing impoverishment and to do so before the 2000 ».

The Task Force recommendations are based on numerous background papers including 21 country poverty profiles, overview papers on the Bank's four geographical regions, five sectoral studies and numerous other background papers. Most of these (though not the background papers on NGOs) are included in the c. a. 600 pages of appendices accompanying the 16 page report.

Critical Issues

Economic growth is a vital factor in the long-run reduction of mass poverty but is not a sufficient factor. The benefits of growth may bypass the poor, hence « sizeable pockets of poverty persist side by side with relative affluence and vigorous growth » in many middle income countries (this is clearly an understatement as demonstrated by one appendix paper that reveals that in the North East of Brazil « only 9% of the urban population have adequate diet... 40% of the 2-5 years old children suffer from 1st degree malnutrition »). Hence special poverty alleviation programmes are needed alongside growth (though the former can contribute to growth). The poor comprise (very roughly) 350 million in South Asia, 150 million in East Asia, 280 million in Sub Saharan Africa, 80 million in Latin America, 90 million in North Africa and the Middle East.

Poverty alleviation isn't easy : - efficiency oriented macro policies may not help the poor in the medium term, investing in « poverty sectors » such as agriculture, small scale-industry etc. is not necessarily poverty specific, and carefully targeted micro-programmes are very manage-

Annex I

ment intensive and difficult to replicate or amplify. The Task force concludes as a major objective that the

priority should be on the role of policies and institutions, having identified priority areas within key sectors to which « larger parts » of government and aid resources would be reallocated. Key sectors: -agriculture, health, nutrition, family planning, education and urban development.

The report cites the Green Revolution in Asia as an effective example of poverty alleviation because it was « scale neutral » (though the simplicity of this view is debated in the papers's own Annex on « Agriculture and Poverty Alleviation »).

« Redistribution of land and other assets can also play a critical role ... Scope exists in all countries to distribute land, the potential as well as the urgency is more obvious in some Latin American countries and in the Philippines ».

« More attention should also be paid to the issue of adjustments in food prices when the bulk of the poor are consumers rather than producers of food » (eg targeted food programmes - though notoriously difficult to implement).

Other priorities : - access to social services, raising efficiency of delivery systems, urban and rural non-farm employment, attention to « difficult to reach » groups and neglected regions, protecting the urban poor who at present it seems bear a disproportionate share of adjustment costs» (likewise other vulnerable groups). Efforts to protect the poor during adjustment « should be strengthened further » - revising adjustment programmes appropriately (eg food price adjustments) would reduce the need for compensatory programmes.

OPERATIONAL APPROACHES

The report endorses previous recommendations, (especially Hussain Task Force of '87) on : incorporating poverty issues into Country Strategy documents, economic and sector work and adjustment ; re-directing of social expenditures and other policy-based lending ; imaginative programmes for the extremely poor, co-operating with NGOs and other.

The 'Hussain' proposal of « reserving a pre-determined proportion of economic and sector work, and lending for poverty alleviation activists » was considered and rejected, as it would « encourage tokenism and give rise to cynicism », and not give regional management the necessary latitude in selection of appropriate countries.

The central recommendation of the report is the proposal of a *Core Poverty Programme* (CPP) approach as a complement to and a category within its regular operations. CPP should focus on strategies and operations whose primary and immediate objective is poverty alleviation (especially extreme poverty). The dimensions of the CPP will depend on progress made country by country.

CPP would feature as a separate element in the overall Country Strategy Plan with its own identified tasks and budgets. It will include tasks in economic and sector work as well as projects. A new monitoring system will be devised (by PPR) to monitor progress. The CPP approach would focus the attention of the Bank's staff and Board on poverty issues while *«encouraging a renewed dialogue on these issues with country borrowers and the donor community»*. The commitment of Governments is vital, and operations outside of CPP should also continue to consider poverty issues.

CPPs will vary country from country to country. In 1989/90 the priority should be the development of CPPs in a selected group of countries which have substantial poverty, but also the will to tackle the problem. A new lending instrument is proposed - the *« poverty programme credit/loan »* to support sectoral policies, resource re-allocations and institutional efforts.

Conditions : Careful targeting of poor, quality of program, commitment of Government. Funding could be for a time slice of a specific programme, or to finance a wide range of imports, disbursed in tranches as agreed poverty reforms are completed. *«It would be important that the loan should still finance goods and services which relate to the alleviation of poverty. If this is not practicable... »*, then at least funds should not be used to import items clearly unrelated to poverty alleviation. For this, a 'negative list' of excluded luxury items could be used.

Projects in the CPP could be exempted from standard Economic Rate of Return calculations (as at present is the case with projects in power, education, population and health sectors). Instead, evaluation would be based on cost effectiveness considerations. Where ERR calculations are appropriate, they may be allowed *«in exceptional instances, and only if a convincing case can be made on the basis of the strong poverty alleviation impact of the project»* to fall *«somewhat below the Bank's standard of 8-10%»*.

« Poverty profiles » need to be prepared for all borrowers, (along the lines of the 21 included in Vol. II of this report). Economic and Sector Work (ESW) plans are to be drawn up to reflect poverty alleviation (especially aimed at the poorest). *«In agriculture, the topics may extend from irrigation to research, soil conservation, distribution of credit, farm inputs, livestock and land reform»*. ESW should also help plan programmes for the very poor, *«stronger collaboration with NGOs will provide opportunities and innovations for reaching those groups with programmes providing productive assets, credit, training and employment »*.

CPP strategies should identify all opportunities for medium term poverty alleviation and devise a strategy for exploiting them sector by sector (e.g. use of water resources in South Africa to benefit the marginal farmers and the landless through irrigation).

On social services, emphasis would be on cutting the costs to Governments of providing subsidised services to the non-poor, and on *« promotion of non-Governmental initiatives»*, etc.

CPP approach must recognise the trade-offs and high administrative costs involved. It may also require an intensive staff training and re-training programme. Since, in the foreseeable future, the Bank will remain under resource constraints it may be difficult to persuade managers to shift to a high-cost CPP approach. Hence, separate and additional resources should be provided from the administrative budget for CPP preparation.

To fund the CPP approach, extra support must be mobilised from donors and (since this is not likely to yield much) from re-allocating existing expenditure by all parties.

The Bank should step up its *« capacity to support innovative, small-scale interventions, including NGO activities, and especially in those operations aimed at the hard-to-reach, extremely poor groups. An important element in building such a capacity will be the availability of grant funds to support those activities, such as program preparation, seed money for targeted programs, and NGO collaboration »* - possibly including a separate CPP grant-making entity.

Vol. I Annexes

1. A. Sub-Saharan Africa

1. Serageldin speaks of the importance of NGOs - *« a diverse group who work best when given autonomy, but who often exist in a climate of mutual suspicion with the authorities »*, cites the *Togo initiative* as a positive example of the Bank, *«promoted a stronger co-ordination amongst NGOs and helped establish better NGO liaison with Government so that NGO actions are more directly fitted in the Government's economic-social objectives »*.

Also repeats his earlier proposal, (memo of 17/11/87, *« Lending instruments for Poverty Alleviation »*) for a \$ 10m Bank facility to fund NGOs.

1. B. Asia

Tackling poverty by concentrating on economic growth has raised average incomes, but *« has raised questions whether this approach with its emphasis on price and market liberalisation policies has not been negative for the poorest of the poor »*.

« The lessons NGOs have learned from their localised and more intensive contacts with the heterogeneous target group (the poor) will need to find their way into the design of public programs ».

«Current practices of pricing and cost recovery for infrastructure and social services must be re-assessed », so as to reach the poor. A priority for the future is spelt out of giving disadvantaged groups access to assets, *« e.g. land reform in the Philippines »*.

Vol. II Agriculture & Poverty Alleviation

« Within rural areas, the welfare impact of food price increases depends crucially on whether households are net buyers or sellers of food. Small scale farmers and landless labourers typically lose more as consumers than they gain as producers, (or workers), from food price increases ». This describes *« trade-off »* that must be addressed between investing in high potential areas where pay-offs are high, and low potential areas where the poor live.

« Green revolution technologies... are, in principle, scale neutral... yet a number of early studies of the impact of the G.R. concluded that the rural poor did not receive a fair share of the benefits generated », with smaller farmers unaffected or made worse off. The paper doubts that the Green Revolution has created a rapid increase in inequality and rural poverty, as some critic has alleged, but makes clear that the distributional issues should be addressed by public policy, i.e. that technical innovation in agriculture by itself is not sufficient to address food insecurity.

« Land reform measures can reduce the skewed distribution of ownership of land ».

« Re-distribution of non-reproducible assets, most notably land and water, is the most direct strategy for targeting productive resources on the chronically poor ».

On compensatory schemes to address poverty within structural adjustment. « Clearly, if the Bank were serious about requiring substantive relief programs as part of its structural adjustment lending, then a sizeable share of its lending portfolio might have to be used for that purpose each year, with little prospect that the borrower could ever repay ». « The Bank needs to give greater attention to direct investments in poor people — health, education, housing etc. — and to be more forceful in attempting to

change these aspects of the legal, institutional and economic environment that discriminate unfairly against them ». « If the Bank is to be able to play a serious role in the alleviation of poverty, then it will need to take a more developmental-orientated approach to investment than is currently permitted within its lending procedure ».

India

« The bulk of the (Bank's) agricultural program has benefitted individuals with land assets ». (NGOs would point out that this leads to a widening gap between the small/marginal farmers and large farmers and increasing conflict between these groups.)

« The involvement of the poor in the design and implementation of programs for their benefit must be enhanced. Government - and the Bank - must understand better the decision-making process at the micro level if assistance is to be sustainable and effective. This suggests a much greater involvement of NGOs in project analysis and implementations ».

Annex 2

Food Security — Task Force Report — World Bank
June 1988

Real problem is poverty - insufficient income to acquire or grow Economic growth important but need « new elements in development equation »: - More systematic and direct identification of at risk groups Development of action plans to deal with their food insecurity/more recovery. Some trade off with growth (but emphasis on cost effectiveness)

«It needs to be recognised that reliance on economic growth will not be an adequate solution to the problem ». Improving capacity to respond to emergencies, especially drought

Policies tant stabilise incomes and prices
Strengthening institutional capacity.

4 main areas of recommendations

1. More vigorous application of growth/adjustment efforts

— foundation for long term food security
Emphasis on agriculture, especially vulnerable farmers especially women
Expand population programmes
Examine Food Security within adjustment operations
Subsidised schemes for food insecure (though difficulty of targeting recognised)

More support for drought prevention/famine control
More attention to environmental concerns
Use of Food Aid as potential source of co-financing
Accelerate Bank Staff training in Food Security

2. New set of country specific actions

NB. very staff intensive.
Food Security Action Programmes in at least 6 countries in coming year,
1/3 African countries by end of 5 year period
Specific/systematic efforts for growth oriented projects

for undernourished

Assist African governments institution build for Food Security

Support efforts to moderate fluctuations in food prices and finance expanded storage capacity/better use of Food Aid

The above would be along side the « Social Dimensions of Adjustment » project.

3. Develop a partnership of concerned donors, not act alone.

Use Consultative Groups and Round Tables for country level collaboration

Develop informed and flexible coordination of Food Security efforts

Collaborate not just with official agencies but also «effective collaboration with NGOs» - enhance Bank's «catalytic role in bringing governments and NGOs to work together to meet common objectives ».

4. Areas of further study

Overall review of African Food Aid jointly with WFP.
Food Aid's current contribution to development and Food Security « is somewhat less than it might be »
Explore ways of accelerating/improving collaboration in Early Warning Systems (EWS) - with FAO
Explore ways of accelerating women farmers' integration into the development process (along side ongoing efforts to incorporate the « women's dimension » into regular bank work) through accelerating women farmers (WF) access to services and removing present barriers (such as laws preventing women from owning land)
Examine ways of enhancing relevant regional cooperation.

Countries with >40% food insecure: - Ethiopia (46%), Zaire (42%), Uganda (46%), Mozambique (49%). Zambia (48%), Chad (54%), Somalia (50%).

Some details

«Recent publicity given to the social costs of adjustment has sensitised donors to the need for funding social components as part of adjustment programmes ». The report urges expanding this but «no pretense should be made that all the groups of the food insecure can be protected at all times from the adverse impact of every adjustment measure ». Each adjustment operation should be used as an opportunity to evaluate the impact on different groups of food insecure. Possible countries for joint WB-WFP collaboration in new approach to Food aid : - Chad, Ethiopia, Ghana, Mauritania, Mozambique, Tanzania and Sudan.

Expanded Role of NGOs

Learning from their positive experience, teaching them what Food Security actions governments will support. Financing expansion of their programmes, experimenting with innovative institutional approaches (eg credit, community works programmes).

Recommendations :

- a. find out more about NGO work on Food Security
- b. give priority to NGOs that help small farmers, especially women
- c. Resident Missions to organise «trilateral meetings» to foster collaboration.
- d. Continue and enhance collaboration with major NGOs at HQs. Disseminate proceedings of Bank/NGO Committee more effectively. Involve NGOs in WFP/WB evaluation of Food Aid.
 - e. In country seminars, including donors governments and NGOs ; as part of strategy preparation process. Care to fully represent NGO viewpoints in eventual Food Security Strategy.
 - f. Expanded use of NGO staff as consultants and NGOs as implementing agencies.
- g. Recognition in the Bank's administrative budget of the staff intensive nature of collaboration with NGOs. Costs of the programme «are difficult to estimate», it would be seen as a « significant portion » of the Bank's work in the region. Suggest additional resources of 10 staff years (cf 800 staff years total regional work programme).

Annexes

Women and Food Security

Private property rights and formal land reform tend to work against women. Laws on inheritance and property ownership need changing. Improve credit schemes and cooperatives and extension services (including more use of female contact farmers). More relevant research needed, eg labour saving techno-

Special studies (with UNDP) proposed for Kenya, Nigeria, Zambia and possibly Guinea and Burkina Faso. Proposed to expand this list of countries. WB's Women in Development Unit plan a working group (official agencies and NGOs), also a conference.

Food Aid

Programme Food Aid, Triangular transactions, Emergency Food Aid, Project Food Aid (including NGO role). Food Aid to Ethiopia, Mozambique, Sudan and Sahel countries combined is about the same as Food Aid to Egypt (1982-5).

Food Insecurity Measurements and Definitions

No correlation found in 5 country IFPRI study between cash crops and deteriorating nutrition status, but also that improving incomes in successful cash crop projects did not immediately improve nutrition state of children.

NGOs

Northern NGOs are important for ; - resources, influence on public opinion, institution building of African NGOs.
African NGOs are important : - as a bridge to the poor, as additional implementation instrument (to government structures), as source of indigenous development, for building up local community groups (empowerment).
NGOs administer most project/emergency Food Aid in Africa (but notes strongly differing NGO views on Food Aid, which needs to be heard)
NGO need to : - plan projects better, improve project management, give more adequate training to staff, collaborate more with government services.
Potential advantages of increased Bank-NGO collaboration :
- Increased beneficiary participation in Bank financed projects
Improved government policies with regard to private voluntary initiative
Fuller utilisation of NGO implementation capacity
Constraints : - Lack of knowledge about NGOs, government/NGO distrust (in many countries). Lack of Bank grant making to NGOs, differences in size, limited Bank field presence, absence (often) of intermediary organisations or umbrella groups.

Key Countries for Food Security approach :

Burkina Faso, Mauritania, Mali, Senegal, Mozambique, Malawi, Tanzania, Kenya, Sudan, Madagascar, (Subsequently revised to : - Benin, Burkina, Sudan, Kenya, Malawi, Mozambique, Madagascar). Others, (such as Cameroon, Somalia and possibly even Ethiopia) may join within the first year.

Annex 3

SOCIAL DIMENSION OF ADJUSTMENT IN AFRICA

A rather technical bank paper describes a joint World Bank/African Development Bank/UNDP project to study the Adjustment/Poverty issue in a wide range of African countries, with a view to appropriate modifications to the

adjustment programmes. The objectives of the 5-year project are :

- i. to build up a comprehensive data base in a wide range of countries to try and discern how poverty indicators to adjustments programme.

ii. To build up in-country capacity for such research.
iii. To identify and then implement necessary shifts in adjustment programmes, not just to *protect* the poor, but also to afford them development opportunities.

The provisional budget set is a staggering \$ 45m, though it is estimated that the final costs will be at least twice this. Contributions so far: UNDP \$ 5m, WB \$ 2.5m, AfDB \$ 2.5m. Other donors are being asked to contribute and to participate in country preparatory missions.

The surveys indicated will be at country level, local level

and household level, and elaborate techniques including Social Accounting Matrices are to be deployed.

SDA emphasises the development of indigenous activities to tackle poverty within each country to accompany their « *second generation adjustment programmes* ».

The participation of NGOs is a strong theme of the project, from defining the terms for local level surveys to being co-opted onto the supervisory Committee for the whole project.

Annex 4

REPORTS TO DEVELOPMENT COMMITTEE, SEPTEMBER 1988

A. World Bank President's Report to the Development Committee

Some directions in which the Bank proposes to move to give greater prominence to *poverty reduction*, (a term Mr Conable prefers to the more tepid « *poverty alleviation* »), are:

Working more with « *interested Governments* »

Using past experience to make sector lending more relevant to the poor

Increasing emphasis on long and short-term food security in Africa

Expanding efforts of economic analysis with a poverty focus

Making sure that the Bank's « *traditional* » activities « *have a stronger poverty focus* »

Giving more help to protecting the poor during adjustment

A significant expansion of (NGOs) involvement in Bank-supported undertakings including operational collaboration

Enhanced environmental work programme to reflect poverty-orientated approach in specific countries

Exploring feasibility of formulating Core Poverty Programmes with interested Governments (integrated

package of poverty reduction elements at country level).

b. Poverty issues, including the Impact of Structural and adjustment policies on poverty alleviation

Two papers to the Development committee, (September '88). One from the Bank, one from the Fund.

The Fund concludes that « *there is no support for the view that adjustment programs generally hurt the poor as a group. The rural poor often benefit directly* ». Failure to promote orderly adjustment can hurt the poor, especially in rural areas. However, it recognises that the Fund should continue to improve its understanding of the implications of adjustment programs for the poor. It will consider compensatory measures as long as they don't « *dilute adjustment effort* ».

The Bank is more overt on the need to design adjustment programs to give greater attention to their impact on the poor, to maintain relevant social expenditure, to bring in compensatory programs.

The Bank paper refers to « *stronger collaboration with NGOs which is already much-advanced as a result of recent Bank/NGO efforts* », and includes as evidences that « *NGOs in the Bank-NGO Committee... have become much more active than before in helping developing-country NGOs approach the Bank* ». *The paper also describes « the Bank's ongoing effort to bring Governments and NGOs together at the grassroots level in a wide array of poverty alleviation programs ».*

NGO Perspectives on Debt and Adjustment*

by John Clark

The purpose of this paper was to describe an NGO perspective on debt and adjustment, to list NGO experience of the impact of these issues on their own programmes and on the people they work with, and to comment to NGOs on the adequacy or inadequacy of World Bank and International Monetary Fund (IMF) projects programmes and policies in addressing the situation of the poor. This is a very partial and sketchy account of these issues, based essentially on Oxfam experience.

I realise that I am offering some quite sharp criticisms of the World Bank. I do not do so lightly, nor with pleasure. I am just trying to be honest. Nor am I seeking just to represent my own personal views. I am trying to give a fair assessment of what, in my experience, is the view of the World Bank held by NGOs in North and South.

Barber Conable said in his speech to the 1986 Annual Meeting that his institution is the most influential intermediary between the Haves and the Have-Nots. Most NGOs would not agree with this statement, and indeed would find the suggestion of neutrality offensive. How can an institution based in Washington, whose President is always an American, whose majority of shares are held by the Group of Five industrialised nations, which is subject to a veto by just one country - the USA, whose ground rules are essentially determined by Western economic needs, how can such an institution be neutral?

If I were reading a criticism of Oxfam that began in this way, I would be tempted to tear it up straight away. To those in the Bank, I say please don't — read on. There may be some misunderstanding by NGOs of what the Bank is *able* to achieve, there may be some jumping to conclusions based on projects which impinge most strongly on our partners overseas, some governments may make the Bank - or more likely the Fund - a scape-goat for their own failings, NGOs may, in their narrow focus on selected communities, afford too little attention to the need for a sound economic environment. But I am sure that there is much that the World Bank can learn from NGOs, many criticisms which are valid and which - debated constructively - could be overcome, and many things that NGOs can usefully learn from the Bank.

NGOs often lack experience in forming the overview, while official aid agencies lack the appreciation of the situation of the poor. Understanding development is rather like trying to get a picture of a city. The macro approach is to fly over and take an aerial view from far away. That gives the city in its entirety, but to understand what it is like to live in it, one must talk to someone who works and lives in one of the communities that comprise

the city. This gives a snapshot of a street, a district or an ethnic group. It is complete - anecdotal even - but if it is people one is interested in, it will result in a more significant picture, for which no apology will be made for the rather anecdotal nature of their evidence, infuriating as this must be to the development economist.

An illustration of this may be in the case of Zambia. The aerial view showed the need for devaluation. The experience of the ground was that very large numbers of poor people suffered immensely as a result. Both are correct - the Kwacha was seriously over-valued. The two views together point to a conclusion that the necessary devaluation should have been achieved more gradually, with special measures introduced to protect especially the urban poor.

It is a common experience of NGOs that in any sudden change the poor usually lose out. They are least able to sustain shock, while the wealthier have the flexibility to annex the gains.

A NGO and the World Bank: Broad Analysis

Mr. Conable, in his AGM speech last month, spoke of the central challenge of the Bank as « *the global battle against poverty*. » There is much suspicion of such statements amongst NGOs - indeed a cynical view that they are made to carry support of liberal politicians who influence member states' contributions and the public at large, that the main engine of policy is not in fact the fight against poverty, but Western growth. On the other hand, NGOs often too glibly underplay the need of developing countries to foster more sound economic foundations. It is easy to criticise the practice of growing crops for export when your organization has no responsibility for balance of payments or meeting the necessary import requirements.

Growth is important but, NGOs argue, it is only one ingredient in alleviating poverty, and without the other ingredients (relating to the specific needs of the poor) it will not help the poor in the short term, the medium term, and perhaps not even in the long term. NGOs are therefore disappointed that the mid 1970s rhetoric of « *Redistribution with Growth* » seems to have been replaced in the mid 1980s with the slogan of « *Adjustment with Growth*. » « *Redistribution* » - taking from the Haves and giving to the Have-Nots - has been replaced with « *Adjustment* » - ensuring that the Have Not countries pay their bills to the « Haves ». This is how it seems to NGOs.

NGOs find the emphasis on growth without stress on redistribution uncomfortably close to the theory of Trickle-down, and argue that the wealth created by growth will not reach the poor unless strenuous efforts are made to ensure that it does. Conversely the debt crisis has shown that the problem of recession is passed on from rich countries to poor, and within poor coun-

* 1. Editor's Note .Excerpts of a paper presented by John Clark in the *NGO-World Bank Meeting*, held in Santo Domingo, Dominican Republic, November 1-4, 1987, hosted by Solidarios. Section C of this paper is reproduced from a paper the author gave to the North-South Roundtable in September. Mr. Clark is an Oxfam/UK official.

Conditionnalité *...

Le financement et l'ajustement doivent aller de pair

Lorsqu'il apporte son concours financier à un pays membre, le Fonds doit être assuré que la politique de ce pays vise à réduire les déséquilibres de la balance des paiements et qu'elle est conforme aux statuts et aux politiques du Fonds. C'est ce que l'on appelle la « conditionnante ». Les stratégies mises en œuvre pour financer, et corriger, les déséquilibres extérieurs sont étroitement imbriquées ; elles sont au cœur de la politique du Fonds en matière de conditionnante, dont le but est de trouver un juste équilibre entre financement et ajustement. En vertu de la conditionnalité, le

recours d'un pays membre aux tranches de crédit est lié aux progrès qu'il accomplit dans l'application de mesures visant à rétablir la viabilité de la balance des paiements et une croissance économique soutenable. Une balance des paiements est réputée viable si le pays peut financer le déficit de la balance courante par des entrées de capitaux qui sont compatibles avec ses perspectives de développement et ne compromettent pas sa capacité d'assurer le service de sa dette sans avoir à recourir à des restrictions au commerce et aux paiements. Les programmes bénéficiant de

l'appui de Fonds visent à rétablir les équilibres internes et externes. En outre, ils mettent l'accent sur l'amélioration de l'offre et le renforcement de la base productive, en vue de créer les conditions d'une croissance soutenable à moyen terme.

Une approche souple. La conditionnante doit être adaptée à l'évolution de la situation et aux cas particuliers ; il ne s'agit pas d'un ensemble de règles opérationnelles rigides. Les administrateurs ont, à maintes reprises, revu et modifié les politiques et pratiques se rapportant à l'utilisation conditionnelle des ressources du Fonds.

L'ajustement favorise la croissance

Au terme de la révision générale de la conditionnalité en avril 1988, le Conseil d'administration a décidé de ne pas modifier les directives de 1979. Lors d'un débat en juin 1989 sur les questions touchant à la conditionnalité, les administrateurs ont estimé que, dans l'ensemble, ces directives demeuraient valables. Elles incorporent nombre des conclusions des discussions antérieures -telles que l'utilisation des clauses de consultations, l'échelonnement des achats et l'obligation de limiter l'emploi des indicateurs objectifs servant à contrôler les résultats (les «critères de réalisation») aux seules variables dont le suivi est nécessaire pour assurer la réalisation des objectifs des programmes soutenus par le Fonds. En outre, ces directives :

- soulignent la nécessité d'encourager les pays membres à adopter des mesures correctives à un stade précoce de leurs difficultés de balance des paiements ;
- indiquent que la durée d'un accord de confirmation est normalement d'un an, mais peut atteindre jusqu'à trois ans si les circonstances le justifient ;
- sont souples en ce qui concerne le nombre et la nature des critères de réalisation inclus dans les accords de confirmation, qui peuvent varier en fonction des problèmes et du cadre institutionnel propres à chaque pays ;

- insistent sur la nécessité de tenir dûment compte des objectifs sociaux et politiques intérieurs des pays membres, ainsi que de leurs priorités et de leur situation sur le plan économique, notamment des causes de leurs difficultés de balance des paiements ;
- préconisent une coordination adéquate de la politique d'utilisation des ressources du Fonds pour faire en sorte qu'un traitement uniforme soit accordé à tous ;
- prévoient une évaluation périodique par les services du Fonds des programmes appuyés par le Fonds de manière que le Conseil d'administration puisse déterminer si les directives en matière de conditionnalité sont appropriées ;
- soulignent que les accords avec le Fonds ne constituent pas des accords au sens du droit international, mais ne font qu'énoncer les conditions de l'aide financière du Fonds. Les fondements de la conditionnante. La conditionnalité est un élément essentiel de la contribution du Fonds à l'allègement des difficultés de balance des paiements des pays membres et au processus d'ajustement international. Elle a pour but de garantir que les pays membres utilisant les ressources du Fonds seront en mesure de faire face à leurs échéances, préservant ainsi le caractère rotatif des ressources du Fonds.

Un financement prolongé des déficits de balance des paiements n'est ni souhaitable ni possible sans la réduction ou l'élimination des causes profondes de ces déséquilibres. Si l'on se contente de pallier les déficits de paiements par le recours à des restrictions, ou s'ils sont simplement financés, il est probable qu'ils réapparaîtront, peut-être avec une plus grande acuité. Si le déséquilibre es passager et peut se corriger de lui-même, il suffira d'apporter un financement temporaire adéquat. Dans le cas contraire, la seule solution est de prendre des mesures d'ajustement adaptées à la nouvelle situation. Toutefois, si les mesures correctives ne s'accompagnent pas du financement nécessaire, le processus d'ajustement sera plus difficile. Les concours financiers du Fonds à l'appui d'un programme d'ajustement et leur rôle de catalyseur pour mobiliser des fonds auprès d'autres sources prolongent la période de l'ajustement et rendent celui-ci moins difficile à supporter. La pratique de la conditionnalité. Le Fonds adopte une approche pragmatique pour aider les pays membres à élaborer des programmes d'ajustement qui peuvent bénéficier de son aide financière, ou pour les conseiller en matière de politique économique. Les programmes appuyés par le Fonds sont mis au point conjointement avec le pays membre. Il est procédé à un

* Extrait du *Bulletin du FMI*, Août 1989.

Un financement prolongé des défi-

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tries from the wealthy to the poorest groups. At each stage the problem is compounded. The trickle-down of poverty.

In spite of this well-documented experience, the language of the Bank - reflected by Mr. Conable's speech - still concentrates on growth, adjustment, debt servicing and free trade. To be fair, the Bank does speak out strongly now on issues of the environment, population and women in development, but in analysis or practice there is not the same substance there as with the dominant concern of adjustment.

Mr. Conable asserts that « *in too many nations too many resources meant for development are being diverted into debt service* » (NGOs agree), but he offers little real alternative, and instead argues that developing countries « *must generate export surpluses substantial enough to provide for both continued debt service and for new growth-enhancing investments* ». The onus of responsibility, it is implied, rests firmly with the debtors themselves. If the Bank were truly the neutral intermediary, it would surely place equal emphasis on the need for policy reforms in the North, on the urgency to close the fiscal deficit of the US, to reduce the historically high real interest rates, to soften debt payment terms, to reduce protectionism and to improve terms of trade.

The Increased Role of NGOs

Non Governmental Agencies have an increasingly important but increasingly complex role to play.

Until recently seen as a character part on the world stage who was well loved but not taken too seriously, the NGO community has how achieved an increased prominence. This change has come about for at least three reasons.

1. Climate of Poverty

The famine in Africa in recent years made clear not only that a relief effort was necessary, but also that traditional approaches to development were not adequate to arrest the growing gap between rich and poor.

The polarisation of wealth has led to a world in which an increasing number of people live precariously balanced on the edge of hunger. And no-one is comfortable with this.

Calculations from the 1986 World Development Report show that the poorest 36 countries with 53% of the world's population for just 5% of the world's GNP. In contrast the seven leading industrialised countries command 58% of GNP with just 13% of the world's population. There is, of course, a similar inequality within developing countries themselves. In Kenya, for example, the poorest 40% of the population received only 10% of total income (1976).

Statistics such as this may be familiar ones, but it is perhaps important for all in the development field to remember them from time to time as a reminder of what the motivation for development should be.

Hunger and famine is a symptom of this maldistribution of the world's resources, every bit as much as it is a symptom of drought and war. Official aid agencies recognise this. Many also recognise that, with resources that look increasingly slender on the scale of international economies, to make a dent on poverty requires a more skilfully

targeted approach than has been the case in the past.

In the words of the World Bank (Poverty and Hunger, 1986) this might mean « *shifting resources from large farms to small farms, from export crops to food crops, from industry to agriculture and from capital intensive to labour intensive activities* ». The United Kingdom Aid minister, similarly, has talked of the need « *To look much more closely at what can be done to revitalise peasant agriculture* ». But experience shows that to reach the poor effectively involves working closely with the poor. This is often difficult for official aid agencies to achieve, whereas many NGOs have a good track record in this respect.

NGOs have therefore become an important conduit for ODA and, where local governments are supportive of such efforts, increasingly important partners in development in designing and implementing poverty focused schemes.

Size

NGOs are on a rapid growth curve. By 1984 NGO aid amounted to \$ 3.6 billion of which \$ 1.3 billion was contributed from official aid sources and \$ 2.3 billion from public support.

The voluntary component is about the same size as net IDA disbursements (in 1983) and total NGO grants accounted for about an eighth of all OECD aid in 1984. It is small, but it is not insignificant. In the last World Bank annual report it was revealed that net World Bank transfers had fallen to less than \$ 100 million - about the same contribution to developing countries made by the four leading United Kingdom NGOs. It should also be remembered that NGO aid is virtually all on grants and that the figures do not include the value of services provided by volunteers. Moreover the distribution of NGO aid is much more heavily weighted to poorest countries than is the case with ODA. NGO aid constitutes a considerable proportion of development investment in countries such as Burkina Faso.

3. Public Opinion

In Western countries the public view of world poverty has changed dramatically. It is no longer such a clear preserve of the middle aged and middle class. Today a much wider spectrum of society is demonstrating its anxiety to help fight poverty. The foundation for concern is the traditional motivation of pity for the starving, but reinforced now by the emotion of anger; anger that our world's leaders are not using the power at their fingertips to abolish hunger for ever.

Politicians are responding to this new public mood. Not in decades have there been so many debates in Westminster on Third World issues, no such cross-party concern about the aid record of Western governments.

The British government has also responded by stepping up famine relief aid, and aid for post-famine reconstruction in Ethiopia and elsewhere. On the whole the response - paying Paul - has been made possible by robbing Peter. Virtually no new aid funds have been allocated by the British government, in spite of the wave of public compassion. Aid to the Indian sub-continent has taken a nosedive to accommodate the new high levels of United Kingdom aid to Africa; famine relief has been at the expense of long term development in the government's aid programme.

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bilan global de la situation économique du pays en vue de déterminer les causes et la nature de ses problèmes de balance de paiements et de définir les mesures nécessaires pour parvenir à un équilibre viable entre la demande et l'offre de ressources. Etant donné la diversité des situations des pays membres, il est évident qu'aucun modèle d'ajustement unique ne saurait être appliqué à tous sans discrimination.

Les programmes qui bénéficient de l'appui du Fonds privilégient effectivement certaines grandes variables économiques, notamment des agrégats financiers tels que le crédit intérieur, les déficits du secteur public, les réserves internationales et la dette extérieure. Ils mettent aussi l'accent sur les éléments clés du système de prix - à savoir le taux de change, les taux d'intérêt et, dans certains cas, es prix des produits de base —, qui influent sensiblement sur les finances publiques et le commerce extérieur, ainsi que sur le comportement de l'appareil productif du pays.

Pendant l'application d'un accord de confirmation ou d'un accord élargi appuyant le programme d'ajustement d'un pays membre, les résultats obtenus sont suivis en permanence par le biais des critères de réalisation. Ces critères sont choisis en fonction de plusieurs considérations, notamment la structure économique et institutionnelle du pays, les statistiques disponibles et l'opportunité de privilégier les grandes variables macroéconomiques. Par exemple, les plafonds globaux de crédit que l'on trouve dans la quasi-totalité des programmes sont liés à des décisions générales de politique financière touchant aussi bien au secteur privé qu'au secteur public. Il serait, toutefois, erroné de qualifier l'optique adoptée par le Fonds de simple « approche monétaire » de la balance des paiements. Si le Fonds tient dûment compte des relations entre les facteurs monétaires et l'évo-

lution extérieure, son optique ne néglige aucun aspect de la politique économique qui influe sur l'offre et la demande de ressources.

Les programmes appuyés par le Fonds exercent sur les autres variables économiques telles que la répartition du revenu, l'emploi et les services sociaux un impact qui dépend en grande partie de la manière dont les autorités nationales appliquent leur programme. Les décisions relatives à l'exécution des mesures sur le terrain relèvent des pouvoirs publics du pays emprunteur. Elles concernent les modalités de distribution du crédit, le choix des dépenses publiques à restreindre et l'application de mesures fiscales et de subventions spécifiques. Comme le veut le principe de la conditionnante, le Fonds évite de prendre part aux discussions concernant les mesures microéconomiques étroitement liées aux options sociales et politiques du pays. Ainsi, il laisse aux autorités nationales le soin de déterminer la répartition du poids des mesures d'ajustement entre les différentes composantes de l'économie. Les questions relatives à la répartition des revenus n'entrent pas dans le cadre de la conditionnante, mais de grands efforts sont faits pour améliorer les programmes de manière à protéger les pauvres lorsque des politiques axées sur la croissance sont appliquées. Si les autorités lui en font la demande, le Fonds étudie avec elles les conséquences, du point de vue de la distribution des revenus, de diverses conceptions de l'ajustement. **Ajustement axé sur la croissance.** Ces dernières années, de profondes mutations ont eu des répercussions sur la nature et l'ampleur des déséquilibres économiques auxquels se heurtent les pays membres, notamment, pour un grand nombre d'entre eux, sous forme d'une dégradation des termes de l'échange qui sera probablement longue à inverser. Pour faire face à cette situation, les programmes appuyés par le Fonds mettent de plus l'accent sur les réformes structurelles.

Pour réussir, un programme d'ajustement doit provoquer une réaction satisfaisante de l'offre. Les variables macroéconomiques, telles que les taux d'intérêt et les taux de change, revêtent une importance particulière, car elles influent sur les possibilités d'épargne et d'investissement, et donc sur le potentiel de croissance d'un pays membre. En insistant sur certains aspects des objectifs économiques des pays membres - comme le renforcement de la balance courante et la promotion de la croissance économique -, les programmes d'ajustement appuyés par le Fonds mettent l'accent sur l'offre (mesures en faveur des exportations ou d'une efficacité accrue des dépenses publiques, par exemple), ce qui contribue à l'élimination des déséquilibres sans compromettre les perspectives de croissance. Toutefois, si le Fonds privilégie davantage à présent le développement de l'offre de ressources et l'élargissement de la base de production, il n'en continue pas moins à appuyer les mesures dans le domaine de la demande, qui restent essentielles à la création d'un climat propice à une croissance durable.

Etant donné l'importance accrue des aspects structurels des programmes d'ajustement appuyés par le Fonds, une étroite collaboration entre le Fonds et la Banque mondiale est importante, chaque institution jouant un rôle prédominant dans les domaines qui ressortissent plus particulièrement à ses compétences. Cette coopération garantit que les mesures appuyées par le Fonds sont compatibles avec les programmes de développement destinés à remédier aux insuffisances structurelles, qui sont souvent à l'origine des difficultés de balance des paiements des pays membres. La coordination avec la Banque mondiale est particulièrement importante lors de l'élaboration par les pays membres de programmes présentés à l'appui des demandes d'utilisation des ressources de la FAS et de la FASR.

Errors have been made, it must be said, by Third World governments, but it must also be said that it is remarkable that developing countries have held up as well as they done. Look at the record. In 1985 debt service stood at \$ 102 billion (roughly half of which was interest payments) - almost four times total aid receipts. There was a net resource transfer of some £ 25 billion from South to North - and this is no longer a purely Latin American phenomenon. Sub-Saharan Africa's net transfer is likely to become negative this year for the first time since the war - a cynical response to the UN Special Session on African recovery! At the same time the collapse of commodity prices since 1980 has caused losses of some \$ 40 billion per year.

NGOs are convinced that the poor suffer most from these trends and therefore that it is more urgent than ever that the majority of resources of the Bank and other aid agencies should be directed to the specific developmental needs of the poor. In this respect the Bank's report « *Poverty and Hunger* » makes encouraging reading. Responding to the crisis of hunger « *might mean shifting resources* » from large farms to small, from capital to labour intensive activities, says the report (though NGOs would say there is no « *might* » about it). But are these sentiments being translated into policy? It might be reading too much into one sentence of one speech, but Mr. Conable said last month that « *the foundation for growth is laid in the concrete of dams, in the asphalt or roads, in power and communication lines and in the fertile soil of educated minds* ». These do not correspond with the needs of the poor, and often represent modes of development which, in the experience of NGOs, are part of the problem rather than part of the solution. There also seems to be a remarkable difference of emphasis between the « *Poverty and Hunger* » report and « *financing Adjustment with Growth* » which appears to lose sight of the food security issue.

The real passion of the Bank is growth, and with this in mind Mr. Conable advocates the need « *to adjust the burden of Third World debt, so that borrowing again can become a stimulus to progress* ». NGOs would agree with the need to stem the present negative transfer of resources, but are deeply worried about moving into a new era of Baker-inspired lending (with who knows what consequences for the poor when an even bigger debt bubble bursts in the future).

NGOs would like to see much more emphasis in debt management on cutting the outgoings rather than increasing new lending. With this in mind many NGOs call for a writing off of official debts of the poorest countries, allowing less poor countries to repay part of their debts in local currencies, reduced interest rates on commercial debts (with the burden shared by commercial banks and Northern governments) - perhaps conditional on the debtor implementing poverty alleviating programmes and other measures to cut the debt payments. New flows are necessary too, and again NGOs have called for a new issue of IMF selected drawing rights (which do not have to be repaid), multiyear rescheduling of existing loans and new commercial bank loans to be guaranteed (perhaps by the World Bank) on condition that they progressively write off old non-performing loans.

An interesting suggestion has been made to the US Senate recently (S. 1860 - Trade Enhancement Act) of linking interest rate charged to economic indicators, especially

commodity prices. NGOs would welcome World Bank comments on all such proposals.

An over-riding concern of NGOs is to see measures introduced to protect the poor from adjustment. With this in mind we strongly welcome the Unicef proposals for Adjustment with a Human Face (to be expanded on in a book shortly to be published by Unicef) and call on the Bank to make a very full and careful study of these proposals and to respond to them sympathetically and publicly, NGOs would also welcome a much franker Bank critique of the IMF approach to adjustment.

B. NGOs and world Bank: Some Specific Concerns

a) Confidentiality

NGOs would welcome a fuller sharing of information about specific projects and programmes. We are aware of the issue of confidentiality, but believe that much more information could be shared, both formally and informally, and that this would help the Bank to identify more carefully the impact of these schemes on the poor.

Poverty Focus

NGOs would argue that at least 50% of Bank funding should be poverty focused, and that greater care should be placed on social and environmental appraisal. Measurements such as the Physical Quality of Life Index need to be developed and heeded, so that they carry as much weight as financial rate of return measurements.

c) Involving the Poor

Though easier said than done, very special attention should be placed in future on developing ways of first listening to be expressed needs of the poor and then involving the poor in the design and execution of projects intended to benefit them. NGOs could play a pivotal role in such *popular participation in development*, though it would be difficult to achieve where the full support of governments is lacking.

d) Environmental Protection

NGOs welcome Bank statements of intent to place greater emphasis on environmental factor, and the creation of a new Environment Division will probably help in this endeavour. But most NGOs feel that present practice makes environmental factor subservient to the dominant pre-occupation with short-term economic growth. There still appears to be a heavy emphasis on the controversial « *mega projects* » which have very serious social and environmental costs. A strong new policy on the environment is urgently needed and NGOs would like to participate in the formulation of this. In addition, full environmental and social appraisal is needed on all projects with appraisal reports circulated to the World Bank members in good time to allow serious study of these reports. Members should be allowed to share these reports with NGOs who have particularly relevant expertise. NGOs would also welcome the proposal made by the US to the OECD Environment Committee for an « *early warning system* » of potential difficult or controversial projects in environmental and social terms.

e) *Big Dams*

A category of large projects which particularly exercises NGOs is the « big dam ». NGOs who have worked in this field are not simply anti-dams», however, and a group of them suggest the following conditions for what might be called an acceptable dam.

1. It provides food crops for the local population as a first priority.
2. It emphasises local employment.
3. It recognises the land rights of all displaced people, including land held communally by indigenous peoples.
4. It does no contribute to the destruction of an indigenous culture.
5. It does not adversely affect national parks, heritage sites, or cause damage to any endangered or threatened plant or animal species.
6. It has a lifetime of over 50 years.
7. It does not cause the spread of water-borne diseases.
8. The catastrophic failure of the dam through accident or sabotage would not result in the devastation of population centres downstream.
9. It does not foreclose the investment in long-term, sustainable development, such as watershed restoration or soil desalination.

With big dams, and indeed other projects having high environmental and social costs, the World Bank should impose much stricter 'pro-poor' conditionality on the recipient and do so early or in the loan negotiation process so that there is a real chance of the project being modified so that the poor are protected in both the short and the long term.

C. NGOs on Debt and Adjustment

NGOs are alive to the need to adjust their programmes to take into account the economic forces that fuel poverty. This may involve close contact not just with other non-governmental organisations, but also with official aid agencies and sometimes government departments in a new collaborative approach to development. At least they must learn to understand what those official institutions are doing and the effect of these actions on the poor. Macro and micro ways of working must meet.

Aware of the sea of changes that surrounds them, voluntary organisations like Oxfam are also searching for new ways of working. How can they be content working in a few scattered communities, helping create a few islands of prosperity, when all around them conditions of poverty are getting worse and worse? They may be powerless to do anything that stops the slide directly, but they are realising that they cannot ignore it.

It is easier to agree with the need for change than to determine what direction the new departure should take.

Some within NGOs argue for a much fuller partnership with the official agencies - that this opportunity is being offered at present and should be seized. Others doubt this. They say that a meaningful partnership would not be possible because the two parties have such totally different definitions of what 'development' means. Two people can only share a cab if they are going in the same direction. If the kinds of projects that ODA supports are not consistent with the NGOs' perception of the interests of the poorest 40%, then let's agree to differ.

Resolution of these differences is not made easier by what is seen as distortion by official aid donors. It has become fashionable amongst the official agencies to blame the policies of African governments for the woeful record of African development in the last 20 years. NGOs share many of the criticisms for past mistakes, but believe that these are only a small part of the truth. Dumping on African governments all the blame for the sorry record of the past is as cheap and easy as it is unhistorical and irresponsible.

NGOs on the whole believe that it is policies of Western governments that have predisposed African governments to make many of the mistakes for which they are now condemned (such as debt management, domestic agricultural policies, protectionist trade policies, commercialisation of aid).

On top of the distortion, NGOs believe that there is a policy manipulation practised by Western governments and their financial institutions and aid agencies. In the name of 'efficiency' and good housekeeping' the policy prescriptions are always pro private enterprise, liberalising markets and anti parastatals, whatever the local context.

Oxfam - itself a private agency with no love for government bureaucracies - believes that in some African countries there are no immediate alternatives to parastatals, nor are their particular reasons to search for them. In a country such as Zimbabwe the basic food distribution parastatals do get the food marketed and distributed, and do so relatively efficiently. To seek to replace this system with the 'free market' would be ideologically, not practically, motivated.

In Zambia, where the parastatals have been disenfranchised, private enterprise is serving many farmers - perhaps the majority - very well, but Oxfam is already concerned that the entrepreneurs are offering much lower prices to farmers in the remoter areas, or are not even prepared to buy there.

In short, the question NGOs are trying to grapple with is this. « *Do we believe in the official agencies' objectives of structural adjustment - or are we satisfied with nothing less than structural change?* ».

The analysis described here is necessarily superficial. But it summarises the thinking and concerns not just of many Northern NGOs, but also those of the major African NGOs - as were encompassed in their submission to the UN Special Session on Africa.

Position Paper of the NGO Working Group on the World Bank*

Preamble

The NGO-World Bank Committee was established in 1981 as a result of discussions between the Bank's External Relations Department and a number of Northern non-governmental development organisations and NGO consortia. The principle objectives of the Committee were to increase the dialogue between the two parties on development issues and to explore areas of possible cooperation.

Since 1987 the Strategic Planning and Review Department (SPR) has managed NGO relations for the Bank. Along with Bank staff from operational divisions, it meets on an annual basis (and holds bi-annual steering committee meetings) with the NGO Working Group on the World Bank, which comprises the NGO members of the Committee. The Group now has 26 NGO members, including 15 from the South (See Annex II).

After six years during which little was accomplished in the way of meaningful policy dialogue or opening new areas of cooperation, the Committee achieved a breakthrough in Santo Domingo in late 1987. It was at that meeting that an agreement was reached on the necessity of drawing upon the knowledge and experience of Southern NGOs and grassroots organisations. It was agreed by the two parties that the Bank should consult such groups about the needs, interests and perspectives of local populations prior to the formulation of Bank-supported programmes and policy positions. Both the Bank and the NGOs assumed the responsibility for ensuring systematic consultations at the national and regional levels in the South (See Annex I : Consensus Conclusions).

During the past two or three years, the working Group has also advanced positions related to the need to make basic changes in structural adjustment policies, the right and need of local populations to have access to information about Bank-supported programmes, the direct funding of NGOs and, more recently, women and the environment. The Group has been encouraged by the Bank's recognition of the impact, if not the limitations, of its adjustment policies and by its invitation to NGOs to help explore the social dimensions of its lending and to participate in some Bank-supported initiatives. And, while the Bank has yet to establish a system for regular consultation with NGOs across the South, it has participated actively in regional and national-level consultations organised by NGOs in the Caribbean, Latin America

* This paper was written in December 1989 by the NGO Working Group on the World Bank.
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and Asia, and will do so soon in Africa. The Working Group has also appreciated SPR's attempt to change the Bank's information policy, as well as the speeches and policy statements that have been made by the institution's top management on such matters as poverty, the environment, women, NGOs, grassroots organisations, participation and sustainable development.

It is one thing, however, to make speeches and even to institute new policies; it is quite another to secure institutional change. In all the areas mentioned above, there have been, at best, marginal improvements at the Bank over the past few years, while NGOs around the world continue to witness widespread suffering too often caused by Bank-supported programmes and policies that reflect little of the new rhetoric. Discussions within the committee have been interesting and at times informative, but they have not been translated into basic changes in Bank operations. While the NGO Working Group's position vis-à-vis the Bank continues to be one of constructive criticism rather than antagonism, it is increasingly concerned about the direction in which the institution and its policies are taking its Third World clients.

There are certainly people within the Bank who agree with many of the suggestions proposed in this paper, and there are those who have achieved some success in having them implemented. However, these individuals, like their colleagues in SPR, do not appear to be able to effect fundamental, systematic change in the institution. The initiation of the Bank-NGO dialogue roughly paralleled the Bank's entry into the realm of adjustment lending; a decade later, the debilitating effects of adjustment, and the Bank's commitment to those policies, are as strong as ever. All the speeches and all the dialogue within the committee have not changed the harsh realities faced daily by the majority of the people in the South. The Bank's 1990 World Development Report, which will focus on poverty, will also have little meaning if it is not accompanied by an effective reorientation of Bank operations.

Given the current state of affairs and the responsibility that its members have to those with whom they work in the South, the NGO Working Group considered it critical at this time to issue a position paper on the operations and responsibilities of the World Bank and on the processes of Third World development and external assistance, in general. The paper specifically attempts to set forth in a cohesive, if not comprehensive, manner an NGO position on the policies, operations and general performance of the Bank, as well as on the nature of NGO-Bank relations. It incorporates a number of reports prepared by and endorsed by its membership, as well as views contributed from a number of NGO networks

in addition to those of members of the Working Group itself. It is intended as an organic document, open to modification as conditions, the Bank's performance and the views of NGOs, both within and outside the Committee, change over time.

In the meantime, it serves as an explanation to new members, to the Bank and to the broader aid and development community of where the Working Group stands in its analysis of the issues and in its relations with the Bank at this time. It is designed to stimulate the interest of NGOs around the world in the current dialogue and, through the incorporation of a broader range of organisations in the process, to make the Working Group more representative of the NGO community as a whole. It will also be used as a basis for further, more in-depth and hopefully productive discussion with the Bank on the issues and relationships explored in the following pages.

Executive Summary

The level of NGO concern about the policies, programmes and projects promoted and supported by the World Bank across the Third World has increased considerably in recent years. Below, a synopsis of the assessment by the NGO Working Group on the World Bank of the operations and performance of the Bank is followed by a list of related recommendations for changes in the orientation of the institution. These proposals, which are set forth in greater detail in the text of the Group's Position Paper, are by no means fully inclusive of the many positive suggestions currently being offered by NGOs around the world.

Assessment

1. The roots of the Third World debt crisis lie in a development approach that increases the integration of local economies in the international economic system. This approach has long been promoted in the South by the industrialised countries through the World Bank and other aid and financial institutions and has served the interests of those in the South with ties to international finance. The debt crisis is currently being exacerbated by the requirement that countries institute IMF- and Bank-imposed adjustment measures in order to gain access to further lending and to debt-relief schemes.

2. NGO concerns about structural adjustment lie with both its impact on vulnerable groups and the inability of the policies to achieve equitable and sustainable growth. The negative effects of adjustment, once thought to be temporary, now appear to be the fallout from dysfunctional policies. There is no evidence to justify the Bank's confidence that adjustment helps the poor in the long run; there is not even evidence to suggest that orderly adjustment, coupled with loan rescheduling, offers, in time, a way out of the debt crisis.

3. The stabilisation and adjustment policies promoted by the IMF and the Bank exacerbate the economic and social problems of the countries of the South when these policies are focussed first and foremost on the restoration of the "external balance" and on increasing the Third World's capacity to repay debt rather than on creating the foundation for equitable and sustainable development. Many elements of adjustment programmes — including the rapid dismantling of parastatals, the tightening of credit availability, the emphasis on export promotion and the cutting of public support for health care and education — are

likely to increase inequities, with the historical disadvantages of the rural and urban poor being cemented in place for another generation.

4. While the Bank has correctly increased its concentration on agriculture in recent years, it has placed too much emphasis on meeting macro-economic targets related to export performance and too little on dealing with domestic hunger considerations. With the Bank urging Third World debtors to export more aggressively and with most of these countries dependent on a limited range of export items for which demand is not expanding, commodity prices are not likely to increase. When combined with protectionism in the North, this policy emphasis is a prescription for economic suicide.

5. In the eyes of NGOs and the people of the South, adjustment measures have exacerbated a deteriorating and highly explosive situation in many cities around the world. Cuts in health-care and education budgets and subsidies often place services beyond the reach of many people. Hardest hit by dramatic cuts in government employment are low-level civil servants, including women, whose economic hardship generates ripple effects on dependents well beyond the immediate family.

6. Gender has seldom been taken into account by policymakers designing adjustment programmes. Poor women have been hit particularly hard by these adjustment policies, which have tended to exacerbate existing cultural and economic biases. They have ignored women's critical role in food production and have encouraged shifts in their labour and resources to the cultivation of cash and export crops, thus further undermining food security. Furthermore, these policies often have not been accompanied by sufficient efforts to overcome existing constraints in the storage, transformation and distribution of food at the retail level, all of which are primarily carried out by women. The negative effects of adjustment policies on women's productive capacity are compounded by adjustment-related cuts in government expenditures in health, education, credit and extension services.

7. NGOs around the world decry large-scale, Bank-financed projects that are designed without input from affected populations and without sufficient consideration of their long-term ecological and economic sustainability. Official solutions to the problem of deforestation have failed to address the fundamental causes of the problem and instead have taken the form of policies that implicitly blame the victims for their plight. Pressures to earn foreign exchange, reflected in Bank-promoted policies and projects, continue to put an enormous strain on the natural resource base of many borrower countries.

8. Despite high-level policy statements from the Bank about the environment and poverty, it is yet to be demonstrated that these reflect a basic change in the direction of the institution. The genuine concern of many within the Bank about the social impact of adjustment measure unfortunately continues to be largely translated into compensatory or social-action programmes — targeted at specific population groups and often designed to sustain government support for, and pacify popular opposition to, these measures — or reflected in some marginal shifts in borrowers' budgetary priorities. It has not led to fundamental changes in the basic economic-reform package, which is at the core of the problem.

9. The participation of local populations in development endeavours receiving outside support must begin at the

identification and design stages of these projects, programmes and policies, so far, however, there has been little sign that the Bank has begun to reach out systematically to local-level organisation to make this a reality in the undertakings it supports. Without dramatic increases in local consultation and in access to information, local populations will remain unable to gain or maintain a measure of control over their own environments or to assist the Bank in making development planning more effective and relevant.

10. The Bank has seldom taken the initiative to approach well placed NGOs to ask advice or help in soliciting grassroots concerns about upcoming projects. Indeed, these NGOs often find it very difficult to gain access to relevant information related to such projects. The Bank's new environmental assessment policy encourages consultation with affected communities and local NGOs, but the extent to which this provision will be implemented remains to be seen.

11. A recent effort to reform the Bank's information policy yielded only minor changes. It appears that all important information concerning the physical, institutional and economic details and the environmental and socio-economic impact of proposed operations will continue to be treated as confidential by the Bank. The right of borrower governments to claim as confidential all information that they share with the Bank, or the right of the Bank itself to withhold information from the public without explanation, needs to be challenged.

12. There exists a concern within the NGO community that an expanded NGO project relationship with the Bank might foster the development and consolidation of a range of bogus NGOs that are not truly representative of the grassroots. If organisations more concerned with their own institutional interests than with the promotion of grassroots democracy are strengthened and if NGOs are encouraged to serve mainly as delivery systems for local governments, for the Bank and for other assistance agencies — rather than as independent organisations with ultimate management authority over projects — the image of NGOs in the eyes of Third World governments and the poor will be damaged. While there is undoubtedly scope for increased cooperation on specific projects or programmes, many NGOs will remain wary, anxious that such relationships may also be interpreted as an endorsement of the Bank's current overall development approach.

Recommendations

13. For the Bank to make a serious change in course, it will have to do more than support new poverty-focussed programmes. A fundamental rethinking of the development model that it promotes is required.

14. The Bank should move beyond structural adjustment to structural *transformation* — transformation to a new development model that places priority on the internal needs of developing countries, environmental and economic sustainability, and the well-being of the poor, who comprise the vast majority of these countries populations. The emphasis should be on those policy reforms, the objectives of which should include the equitable and efficient distribution of assets and incomes, greater satisfaction of basic needs and, through these processes and the active participation of local populations, sustainable development that builds upon the creative capacity and efforts of the poor themselves.

15. Such an approach must be based on an active participation of the people of these countries that is not managed and controlled by others and that is promoted not only in the design and implementation of small-scale activities but also in larger-scale projects and in programme, regional and national-policy planning. Grassroots groups must have the right to reject outside initiatives that threaten to do fundamental damage to their communities and livelihoods. The Bank can, and should, work diligently to help remove the internal and external constraints to participation. This can be done in good part by helping to decentralise the development process and by ensuring maximum public access to information about planned development interventions.

16. The Bank should place more emphasis on production for the domestic market, with food self-sufficiency an important goal that should also be pursued. Production for internal consumption serves a more dependable market while preserving the genetic diversity of local, ecologically adapted food crops and saving foreign exchange and generating employment. As production for domestic and intra-regional markets also helps countries to develop the capacity to compete in the international marketplace, the Bank should support the development of local-level capabilities in this area.

17. The Bank should publicly stress the importance of land reform and of increasing local food security through greater emphasis on subsistence and self-provisioning crops. It should also make commitments to support such measures. Land reform and the redistribution of other assets could be conditions attached to future policy-based lending. Furthermore, all adjustment programmes should include policies that increase, rather than undermine, the access of women and other poor producers to agricultural inputs and services, including credit.

18. For adjustment and related policies to increase food production and security over the long term, policymakers must directly target and enhance women's productive roles. The Bank should recognise that responses to adjustment policies are gender specific. They are grounded in the fact that women's responsibilities, occupational distribution, access to resources, roles as producers and consumers, and decision-making spheres are different from those of men.

19. The Bank should shift its support toward the promotion of rural-based agroprocessing and other agriculturally related industries and away from export-oriented industrialisation that does not have strong local economic linkages. It should recognise the need for economies in crisis to protect ailing, strategic industries that cater to their internal market. Policy advice regarding currency devaluations should take into account the need to manage foreign exchange in an orderly fashion and the increased cost of imported raw materials that are needed for industries producing for the local market.

20. New investments should be targeted at the large cities, where numerous, highly innovative and effective economic initiatives have emerged from the community contest. In order to permit the informal sector to play a more significant economic role, new lending mechanisms specifically geared to the needs of the poor and their communities are probably required.

21. The Bank should pursue its initiatives in support of a greater role for local government in the development process. NGOs see the decentralisation of control to municipal

governments as a positive phenomenon. NGO coopération with local government can enhance development effectiveness in the appropriate context.

22. Governments should be encouraged to support those economic activities and protect those basic services on which large numbers of poor people depend. The maintenance of employment and the provision of priority goods in countries in which income levels are severely reduced call for such interventions by government. These include substantial improvements in the equity and efficiency of social services and particularly in the poor's access to primary health care, immunisations, essential medicines and communal water points in both rural and urban areas.

23. A "social budget" report should be prepared for all projects and policies early in the design stage, indicating clearly which people will be affected directly and indirectly, both positively and negatively. On the basis of such analysis, staff can determine if social benefits outweigh social costs and if project or policy development should continue. In the implementation stage, staff and supervisors should discuss developments regularly with NGOs and other organisations that are able to represent the concerns of the people affected by the project or policy.

24. The Bank must cease the financing of projects that have environmentally destructive effects. Early-warning systems should be put in place to signal "problem" projects from the outset, and environmental impact assessments should be carried out with the active participation of local populations. The Bank should periodically publish these assessments related to approved loans. Bank lending in the energy sector should be redirected, with support extended primarily for smaller-scale alternatives to current projects and for programmes of energy efficiency and conservation.

25. The Bank should see NGOs and popular organisations as essential independent channels of local knowledge and should draw more heavily on the expertise of these groups with respect to the environmental and social impact of its lending. This knowledge is vitally important in all aspects of Bank work, including project design, planning, implementation and evaluation, as well as policy reviews and country assessments. The participation of NGOs and popular organisations in policy dialogue related to adjustment programmes is important both for the enhancement of the democratic process and for the relevance and effectiveness of the policies that emerge.

26. Systematic consultation with affected groups must be a part of all Bank operations, and mechanisms should be established in each country in order to effect this so that

local knowledge, perspectives, priorities and institutional alternatives can be taken into account in the formulation of Bank country programmes and policy positions. More specifically, the Bank should put in place a comprehensive programme through which regular, systematic contact with local NGOs is made during the decision-making process related to all projects, programmes and policies that it supports. It should also make the additional internal institutional changes necessary to foster greater NGO involvement in Bank-supported programmes.

27. In its project relationships with NGOs, the Bank should ensure, to the maximum extent possible, that the local organisations involved are given the freedom to identify, design, implement and have management authority over the endeavours that that it helps finance. Some NGOs would be open to entering such relationships as long as their independence of action were respected and they were not forced to operate within government- and Bank-defined schemes. Others would insist on greater cooperation at the policy level as a prerequisite for cooperation in project work. In order to be able to identify organisations that are truly representative of the grassroots, the Bank would have to be provided with clear guidelines on how to select NGOs on a country-by-country basis, and further training of Bank staff may be required.

28. Local populations and organisations must be informed about the programmatic and policy initiatives that will shape the environment in which they live and work in order to participate effectively in these undertakings. This information must be available early in Bank and government planning processes. The Bank's Monthly Operational Statements are insufficient for this purpose unless followed by the provision of more detailed documentation related to formal decisions taken within the Bank. The confidentiality of various types of information can easily be protected without denying local populations their right to know what is being planned for their future. What is called for is conditionally attendant to all Bank loans that would have citizens informed about the programmes and policies that are being formulated, government demands for confidentiality covering most of the information it shares with the Bank should be grounds for withholding new loans to that country.

29. The Bank, as well as NGOs, should continue to work for adjustment in Northern economies, and the Bank should aggressively promote South-South cooperation in the form of intra- and inter-regional trade initiatives and collective bargaining on importing arrangements with Northern countries.

Position Paper of the NGO Working Group on the World Bank

Introduction

During the 1980s NGO concern about the policies, programmes and projects promoted and supported by the World Bank across the Third World has grown considerably. Having constant contact with local populations and many popular movements, the NGO community in both the South and North has been in a position to witness many of the problems that have emerged as a result of the interventions of the large assistance agencies, as well as those of Southern governments. NGOs do not have all the answers to today's pressing development problems, nor are they oblivious to the limitations and problems often associated with their own interventions. Yet, there is a growing sense of responsibility within the community to utilize the relationships and leverage of NGOs around the world to challenge

and change the operations of the Bank and similar institutions before the current economic, human and ecological crises reach even more tragic proportions.

When the Bank announced at the beginning of the decade that national economic policy reform had become one of its principle objectives, it was just a matter of time before it became a significant area of NGO attention, as well. NGO involvement in these matters emanates, in fact, from the growing recognition that traditional NGO work at the project level is becoming increasingly insufficient, that the difficulties in working effectively at grassroots levels is due in good part to macro-level policy constraints and large-scale programmatic interventions. Bank operations in both of these areas have been called into serious question.

Furthermore, the development and assistance processes as shaped and supported by institutions like the

Bank are intrinsically flawed by their anti-democratic nature. Structural adjustment programmes, which have come to define the development process in scores of countries, further marginalise the poor and other vulnerable groups. Critical information is denied affected populations, who are seldom consulted for their views. And the space for meaningful participation and voluntary action in the South is decreasing. The thrust has been to exclude people from the process, thus eliminating opportunities to test alternative approaches and to promote diversity.

Within the context of deteriorating economic and environmental conditions and the further marginalisation of poor populations, the people of the South have found the need and the resilience to increasingly take creative, grass-roots action on their own behalf outside the formal system. NGOs have recognised, encouraged and supported such endeavours and see in them the foundation for new societies based on the principles of social justice and economic and environmental sustainability.

1. Adjustment in the North

The Third World debt crisis in good part shapes the economic environment in which the World Bank operates today, particularly in Latin America and Africa. A disproportionate share of the burden of the global recession is at present carried by the countries of the South, and within those countries a disproportionate share is borne by the poorest people. During the 1980s there has been a negative net flow of financial resources from the North to the South, with the South actually financing the economic development of the North. This situation is undermining efforts to combat poverty and is having a profoundly deleterious effect on the nutritional levels, basic services and incomes of the poor.

Much greater responsibility for the burden of Third World debt should be assumed by Northern governments and institutions, since their present policies are exacerbating the debt problem. The World Bank, as well as NGOs, should continue to work for adjustment in Northern economies to redress this situation, indicating that neither the debt nor poverty crises can be solved by action in the South alone. An integral part of a truly successful adjustment process would be the design and implementation of appropriate adjustment policies in the United States in order to counteract the distortions in the international economy created by its massive budget and trade deficits.

Northern governments frequently accuse their Southern counterparts of "extravagances" of which they themselves are guilty. Southern governments must make changes — they have little alternative — but it is not their imprudence (the failure to adjust) that has caused the economic crisis. The roots of the crisis lie in a development approach that increases the integration of local economies in the international economic system. This prescription has long been promoted in the South by the industrialised countries through institutions like the Bank and has served the interests of Southern elites with ties to international finance. When combined with the North's more recent monetarist policies, which have caused interest rates to soar and commodity prices to tumble, and with its protectionist policies, especially in the agricultural sector, this approach has created an economic vulnerability of Southern economies that is now being exploited.

The style of development in the North is highly inefficient and polluting. As 80 percent of the world's natural resources is currently being used to support 20 percent of its population, it is clear that a continuation of current lifestyles in the North and the further exportation of its econ-

omic systems to the South are a prescription for disaster. It is the ecological crisis implicit in these figures that most clearly shows the worldwide connections among the problems of debt, poverty and environmental degradation. New approaches are needed to structurally address the root causes of poverty, which has proven to be at the heart of the ecological problem, and to generate a sustainable development process in environmental, social and economic terms.

2. Adjustment in the South:

Limitations of the Bank's approach

Against this background, the policy prescription given by the group of the seven major industrialised nations (the G-7), the International Monetary Fund (IMF) and the World Bank to the countries of the South is one of economic orthodoxy: prudence, orderly adjustment, demand-side management, export promotion, regular debt service, etc. Stabilisation and adjustment policies exacerbate the economic and social problems of these countries when these policies are focussed first and foremost on the restoration of the "external balance" and on increasing the Third World's capacity to repay debt rather than on creating the foundation for equitable and sustainable development.

Though a large part of the responsibility rests in the North, debtor countries must make determined efforts to address imbalances in their respective economies. However unjustly the global economic system reduces revenues of Third World governments, income disparities may actually widen when high budget deficits are maintained largely to finance public services to which the poor have limited access. Similarly, maintaining exchange rates well above a market-indicated level may subsidise the better off, who consume more imported goods, at the expense of the poor. At the same time, however, governments have a particular responsibility to assert national autonomy and to act as effective negotiators when conditions promoted by powerful institutions like the IMF and the Bank place their most vulnerable citizens in jeopardy.

NGO agreement with specific adjustment measures applied in certain countries does not connote support by the NGO community for the conventional adjustment package. NGOs see the social and economic costs and impact of adjustment measures on the ground every day. Given the experience of the past decade, it is clear that the development and welfare needs of the poor are to important to be left to the vagaries of the "free" market, particularly when there does not exist a level playing field. Many elements of adjustment programmes — including the rapid dismantling of parastatals, the tightening of credit availability, the emphasis on export promotion and the cutting of public support for health care and education — actually are likely to increase inequities. The limited efforts of the formal private sector to address these problems have tended to the interests of the already well entrenched. Without proper health care, nutrition and education, without access to agricultural credit, services and other inputs, and without the ability to access markets on the same footing as well-to-do producers, the rural and urban poor, and particularly women, are seeing their historical disadvantage being cemented in place for another generation.

Bank public statements, particularly of late, declare that orderly adjustment helps the poor in the long run. There is no evidence to justify this confidence in the trickle-down effect of macro-economic growth with regard to improvements in the living conditions of the poor. There is not even evidence to suggest that adjustment, coupled with loan rescheduling, offers, in time, a way out of the debt crisis.

The Bank's own 1988 World Debt Tables indicate that no country undergoing re-scheduling since the debt crisis unfolded has significantly reduced its debt ratios. The so-called transition period to economic health has been expanded by the IMF and Bank from two-to-three years to five years and now to the "long term" in many of the countries in which adjustment has been applied.

3. Rethinking Adjustment and the Bank's Development Model

Growing attention being paid by the Bank to the need to revise adjustment programmes so that they protect the poor from the outset is welcomed, but it remains to be seen whether the Bank will make any *fundamental* changes during this "second generation" of adjustment. The emphasis should be on policy reform that will help the poor and alleviate the suffering caused by poverty, whether it is adjustment or recession that has precipitated it. However, in spite of well intended top-level speeches and policy statements, many Bank staff still question whether poverty alleviation will be a central, as opposed to a peripheral, institutional objective. At the same time, misguided adjustment measures are not the exclusive domain of the Bank and IMF: many elites in the South, in both the public and private sectors, also continue to accept and promote strategies that do not serve the interests of the poor.

For the Bank to make a serious change in course it would have to do more than support new poverty-focused programmes. It would require a fundamental rethinking of the development model that it espouses. The governments with the lion's share of voting power on the Bank's Board constrain the choice of the development model(s) pursued by the institution, however, and they are unlikely, without sustained pressure from outside the institution, to allow a fundamentally revised lending approach.

In addition, the 1988 World Development Report makes sobering reading. Poverty issues are scarcely mentioned, while conventional talk of "prudence" appears throughout the report. Issues such as food security, natural resource base preservation, development opportunities for women and for the extremely poor, and protecting the poor from the impact of adjustment appear as relatively minor items, while among the central issues featured are export promotion, debt-service management, control of public spending, reducing the role of parastatals, market liberalisation and price decontrol. Accordingly, NGOs reflecting on the Bank's approach to poverty should place that approach in the context of the development model that the institution promotes.

A timely question to ask is not whether adjustment goes too far but whether it goes far enough. In setting the stage for the debt crisis, the orthodox global development model has so manifestly failed most Third World countries and so tragically failed the poor that talk of "adjustment" appears to be totally inadequate. It is less than honest to suggest that adjustment — fine tunings at the margins of Southern economies geared toward Northern and elite self-interest — can possibly address adequately the dual crises of debt and poverty. If the old model has failed, a new one is needed, going beyond adjustment to structural "transformation" — transformation to a new development model that places priority on the internal needs of developing countries, environmental and economic sustainability, and the well-being of the poor, who comprise the vast majority of these countries' populations.

Such an approach must also be based on an active participation of the people of these countries that is not managed and controlled by others and that is promoted not

only in the design and implementation of small-scale activities but also in larger-scale projects and in programme, regional and national-policy planning. Furthermore, there is a fundamental need to recognise that a democratic, participatory process most appropriately and effectively begins with the definition of priorities by local populations as expressed through their own initiatives and self-generating processes. Grassroots groups must have the right and ability to reject outside initiatives that threaten to do fundamental damage to their communities and livelihoods. As a corollary, support should be directed to the growth of local organisational demand structures that have effective leverage to bring about change within the system.

While the Bank cannot effectively play a role in the creation of such organisations and structures, it can, and should, work diligently to help remove the internal and external constraints to participation. This can be done in good part by helping to decentralise the development process and by ensuring maximum public access to information about planned development interventions.

4. Agricultural Sector Policy

Market development

Meanwhile, however, a significant part of the Bank's operations, especially in structural and sector adjustment lending, is still directed towards the generation of exports. While the Bank has correctly increased its concentration on agriculture in recent years, it has placed too much emphasis on meeting macro-economic targets related to export performance and too little on dealing with domestic hunger considerations.

Greater caution should be exercised in the pursuit of export opportunities. The Third World is littered with export schemes, the promised rewards of which have either evaporated or failed to materialise. Northern protectionism and the vagaries of the commodity markets make export markets unreliable and increasingly unrewarding. Increasing numbers of producers are left to compete for dwindling opportunities in these Northern markets. Some of the new export opportunities that do exist have unacceptable social costs) such as the increase food insecurity that results from land being diverted to production for export and the poor labour conditions present in many freetrade zones, and similarly unacceptable environmental costs.

A corollary of this position is that more emphasis on production for the domestic market is needed, with food self-sufficiency an important goal to be pursued. Production for internal consumption serves a more dependable market while preserving the genetic diversity of local, ecologically adapted food crops, saving foreign exchange (through import substitution) and generating employment, thus helping to reduce poverty through its multiplier effect. Production to meet domestic food needs also contributes to food security and the reduction of malnutrition. To best achieve these goals, policies supporting domestic food self-sufficiency must directly target and enhance women's productive roles.

Just as critical to the argument, however, is the fact that production for the domestic market (and for intra-regional markets) helps countries to develop the capacity to compete in the international marketplace, just as trade within and among communities helps them develop the capability to compete in sub-regional and national markets. Ecological diversity and resource differences encourage the development of trade within sub-regions. This can be a key step in what should be a natural process of transition of production toward the national market, an intra-regional market

(where economies of scale may be achieved) and eventually the markets of the North. In order to assist rather than impede this process, aid institutions like the Bank should support the development of local-level capacity related to production for the domestic market in such areas as effective land utilisation and planning, post-harvest technologies, storage and packaging, agroprocessing and transportation.

As is the case with the question of the appropriate balance between agricultural exports and production for the domestic market, many factors need to be taken into account in assessing the trade-offs between the production of marketed as opposed to subsistence crops. In one area in particular — the impact on local food security — there does appear to exist a basic difference of opinion between many NGOs and the Bank. Recent Bank reports deny that significant harm is done, at least in Africa, when a movement away from subsistence production is effected. There is reason to believe, however, that a lack of attention on the part of government planning agencies and international aid institutions to subsistence agriculture can increase the risk of crop failures, decrease the production of sturdier traditional crop varieties and erode historic coping mechanisms for dealing with temporary shortages (e.g., Northern Province, Zambia).

NGOs can also point to many instances in which a shift to marketed crops has been accompanied by a deterioration of the nutritional status of women and children (e.g., the Mwea rice scheme in Kenya, the Tanzania maize scheme, maize promotion in Northern Province, Zambia). Such effects are usually related to the fact that it is the woman's task to tend those fields yielding subsistence crops and to administer these foods for the purpose of sustaining family health. The shift to an emphasis on marketed crops decreases the time and opportunity for her to grow food crops and market them locally, thereby further polarising economic power between men and women (when men assume responsibility for marketing and can pocket the proceeds, as in Mwea) and in many instances between marginal and larger farmers (the former having less access to the credit and inputs required).

Additional elements in the agricultural equation

Likewise, an emphasis by the Bank and others on scientifically researched innovations can have adverse effects not only on the level of food security but also on the potential and opportunity for the blending of scientific research and traditional knowledge and technologies. NGO experience indicates that the poor are frequently further marginalised by such innovations as those of the Green Revolution, as the capital-intensive system of agricultural production required by hybrid seeds, for example, is beyond the reach of the poor farmer. Within the Bank itself there exist differences of opinion, as expressed in internal and public documents, as to whether the rural poor have benefitted from such schemes, particularly in South Asia.

What is rarely discussed in the institution, however, is the damage that the highly input-intensive approach does to the legitimacy of local knowledge within national agricultural systems. Without this legitimacy the basis for an incremental growth in the poor's commitment to innovation, for appropriate selection of the viable aspects from within both the traditional and modern technology streams, and for the development of capabilities in relevant research and innovation is eroded. The effective merging of the two knowledge sets can also help limit inappropriate applications of researched technologies and the resulting ecological and social effects.

Land distribution is another key issue in rural development, especially in Asia and Latin America. The Bank's 1988 Poverty Alleviation report makes some significant remarks about the need for land reform, normally a subject regarded as too controversial for the institution, but it falls short of suggesting that land reform and the redistribution of other assets could be conditions attached to future policy-based lending. Such a course would provide a real opportunity for the Bank to apply leverage for a truly poverty-oriented, rural development approach. It would also add credence to the Bank's claim that its emphasis on increasing producer prices within the context of adjustment programmes is designed to assist the rural poor, as the numbers of landless are pervasive across much of the South.

Land is fast becoming a key issue in Africa, as well. Dislocations caused by outside interventions have been perhaps most acute in pastoralist communities on that continent. It is in this area that NGOs have seen some of the most spectacular and damaging failures of official aid. Many pastoralists are being pushed to more and more marginal land, to the towns or to sedentary lives with their cattle, with immense social and environmental damage as a result.

The Bank should also be encouraged to continue its rethinking about the role of parastatal enterprises. Despite their frequently inadequate performance, parastatals often carry out important functions that the private sector will not sufficiently take over, particularly in the short term. For example, the reduction of the role of the state agricultural marketing corporation in Malawi (ADMARC) has exacerbated food insecurity in rural areas. Similarly, the elimination of the supply and credit functions of a parastatal in Senegal has denied poor farmers the means to access reasonably priced agricultural services and inputs required to make effective use of irrigated lands, forcing many to migrate to an already crowded Dakar.

Finally, the Bank should shift its support toward the promotion of rural-based (including on-farm and cooperative-based) agroprocessing and other agriculturally related industries and away from export-oriented industrialisation that does not have strong local economic linkages. Along the same line, the Bank should be more forthright in recognizing the need for economies in crisis to protect ailing, strategic industries which cater to their internal market. Such "developmental protectionism" might be applied over a defined period of time, during which efforts would be made to make those industries more efficient.

Conclusion

In summary, NGOs would welcome clear statements from the Bank about the importance of land reform and of increasing local food security through an emphasis on growing subsistence and self-provisioning crops, as well as commitments to support such measures. Greater attention should also be paid to the interests and well-being of such groups as pastoralists and poor women, who, like the landless, are particularly at risk in a rapidly changing and deteriorating economic environment. In addition to increasing the prices of those crops grown by poor and women farmers, all adjustment programmes should include policies that increase, rather than undermine, the access of these producers to agricultural inputs and services, including credit, as well as to land and other important assets.

5. Changes in the Urban Economy

Under the burden of the debt crisis and of the adjustment policies often promoted by the Bank, the economic

and social fabric of many large cities and other urban centers, particularly in Latin America, has been torn apart. While in many places more goods are on the shelves for would-be consumers, many of them are priced beyond what the poor and much of the working class can afford. In addition, cuts in health-care and education budgets and subsidies often place these services beyond the reach of many. The lack of new public investment in housing has put that necessity in increasingly short supply, and homelessness, particularly among children, has spread rapidly. Transportation systems have broken down and urban pollution of various types has often spread out of control. Growing unemployment and the lack of economic opportunities, particularly for youths and rural migrants, have changed the nature of many cities, which are now characterised by pervasive crime and street violence.

In Brazil, for example, burgeoning unemployment, diminishing salary levels, high staple-food prices, sub-human housing conditions and the deterioration of the quality and availability of sanitation, transport, education and medical services have created a highly explosive situation. These conditions are blamed by popular organisations on the external debt crisis and on its management by institutions in the international financial community and by ineffective and unresponsive public authorities. In light of the growing public anger and hopelessness in countries like Brazil, Venezuela and Argentina and the resulting political risk to incumbent governments, vested interests in the North are beginning to respond, most recently in the form of the proposed Brady Plan. As feared, however, in order to participate in debt-relief schemes countries must continue with IMF- and Bank-imposed adjustment measures.

Hardest hit by dramatic cuts in government employment under adjustment programmes are low-level civil servants, including women, whose economic hardship generates ripple effects on dependents well beyond the immediate family. When employed, these workers are among the major consumers of goods and services from the informal sector. Import liberalisation can also undermine small- and medium-scale businesses and the employment that these enterprises sustain.

The Bank and other agencies have tried to help close the urban employment gap by promoting export-processing zones and small-scale business schemes. These initiatives cannot create enough jobs, however, to make a dent in the problem. The zones generate only limited linkages within the local economy, and the employment created is usually unstable, short-term and exploitive, particularly of women. Likewise, the "informalisation" of formal-sector employment is often characterised by worsening working conditions, decreased wage levels and the contracting out of work. This process also primarily affects women, who make up the majority of the Third World's factory and agro-industrial workforce.

As urban crises increasingly preoccupy the countries of the South, new investments should be targeted at the large cities. NGOs with long experience in field activities see the limitations, however, of transferring ideas and technologies developed in the academic community or in Northern aid institutions. Many working in urban areas have discovered numerous, highly innovative and effective economic initiatives that have emerged from the community context and from the need for people to attain economic security and, in some instances, actual survival.

Informal-sector activities of this type, although highly relevant to the peoples' needs and collectively significant in the economies of almost all the countries of the South, have been both difficult to quantify and considered with

indifference by official and commercial banking systems. Due to cultural, structural and often political factors, there exists a widening gap between the informal and conventional sector(s) that prevents the activities of one from adequately adding value to those of the other. In order to permit the informal sector to play a more significant economic role, new lending mechanisms specifically geared to the needs of the poor and their communities are probably required. Institutions such as the Bank can play an important role in promoting and funding such relevant institutional development.

Local government also has a major role to play. NGOs see the decentralisation of control to municipal governments, which is also being explored in some places by the Bank, as a positive phenomenon. Interesting new developments at that level include increased popular representation achieved through the emergence of new political movements. NGO cooperation with local government can enhance development effectiveness in such a context.

6. Adjustment Policies: *Gender neutral or Gender Blind?*

To assess accurately the impact of development policies on the poor and to predict their responses, it is necessary to identify the various categories of people in poverty, such as women, the disabled and the landless. Poor women as a group have been hit particularly hard by adjustment policies. At first glance macro-economic policies designed to shift resources into "more productive" activities may appear to lack a gender dimension. In reality, however, responses to structural adjustment are gender specific and are grounded in the fact that women's responsibilities, occupational distribution, access to resources, roles as producers and consumers, and decision-making spheres are different from those of men.

These gender-related characteristics have seldom been taken into account by policymakers designing adjustment programmes. In fact, rather than breaking down structural barriers to women's access to resources, adjustment policies have tended to exacerbate existing cultural and economic biases that constrain women's production. For example, as a result of inaccurate assumptions about women's allocation of resources, these policies have ignored women's critical role in food production and have encouraged shifts in their labour and resources to the cultivation of cash and export crops, thus further undermining local food security.

Beyond the effect on people's health status, the resulting lack of adequate and reliable supplies of food at reasonable prices means that the poor, who spend a high percentage of their income on food, cannot maintain their standard of living even if nominal wages increase. These negative effects on women's productive capacity are further compounded by adjustment-led cuts in health, education and other government services. Thus, while one effect of adjustment is to increase women's need for resources and services with which to ensure family survival during crisis periods, another effect is to decrease access to the very resources and services women most need.

While some adjustment programmes provide incentives for food production, they have often not been accompanied by sufficient efforts to overcome existing constraints in food storage, transformation and distribution at the retail level, all of which are primarily carried out by women. In Zambia, production increases in maize brought about by price incentives were left to rot in the field because of harvesting, storage and marketing bottlenecks. In this example, as in many others, policymakers did not have

adequate knowledge to appropriately target the systems and people they were trying to influence. This points to the need to consult local populations and their organisations in the design of key aspects of adjustment programmes.

The emphasis on generating foreign exchange, and hence on export production, has profoundly, negatively and simultaneously affected the activities of rural women and the environment in which they live and work. The shift of land to the production of export crops, for instance, forces women to shorten fallow periods and farm more and more marginal lands. Certain types of agricultural industrialisation further contribute to erosion, desertification, pollution and salinisation of the land upon which women depend for household needs; this inhibits their production and forces them to spend more time gathering increasingly scarce resources, such as fuel and water. For adjustment policies to increase food production over the long term, policymakers must look at what is happening to women and other marginal farmers and the land they work.

Conditions under adjustment programmes have also contributed to the failure of efforts to control population increases primarily because they have not addressed the reality of women's fertility decisions. Children are an important labour resource for women, so population rates will continue to increase until that labour is no longer necessary for the survival of women and their families. Decreased wages and access to resources under adjustment leave many women with but one resource under their control — their children's labour and, to a lesser extent, their own. This is yet another area in which unintended consequences of adjustment policies built upon inaccurate assumptions and inadequate knowledge can contribute to a deepening poverty.

7. Enhancing World Bank Support for Sustainable Development

Debt, adjustment and environmental deterioration are all closely related. Pressures to earn foreign exchange, reflected in Bank-promoted policies, place an enormous strain on the natural-resource base of many borrower countries. Development NGOs have joined their environmental colleagues around the world in decrying large-scale, Bank-financed projects that are designed without input from affected populations and without sufficient consideration of their long-term ecological and economic sustainability. Two of the many cases in point are to be found in Brazil: the Polonoroeste project in the Amazon, which was financed against the advice of some of the Bank's own staff; and the Projeto Grand Carajas, in which charcoal is now produced from primary tropical forest to feed pig-iron smelters. Both projects threaten the livelihoods and cultures of native peoples. Such examples can be found across the South, from India to Guinea and from Bolivia to Indonesia.

Official solutions to the problem of deforestation have ignored or played down the fundamental causes of the problem and instead have focussed on policies that blame the victims for their plight. Such programmes can only result in the further degradation of forests and croplands through the promotion of industrialised forestry. These programmes include: the Tropical Forest Action Plan, as promoted by a number of institutions, including the Bank; "sustained yield" commercial logging; policies to zone the forests; the commercialisation and privatisation of biological diversity; and pollution-control programmes that are directed towards "managing" specific pollutants rather than reducing the source of pollution.

Accordingly, NGOs have called on the Bank to cease

the financing of these and similar projects and practices that have environmentally destructive effects. They have urged that early-warning systems be put in place to signal problem projects from the outset and that environmental impact assessments be carried out with the active participation of local populations. Bank lending in the energy sector should also be redirected, with support extended primarily for smaller-scale alternatives to current projects and for programmes of energy efficiency and conservation. As a bottom line, all projects should be intrinsically environmental, by which is meant that they strengthen rather than undermine peoples' local natural, social and economic environments, social and economic justice are at the root of sustainable programmes.

A 1988 proposal by the Canadian Government that called for "... a strong and effective commitment by the World Bank to addressing environmental concerns in all aspects of its operations" also merits NGO support. The proposal was correct in insisting that the Bank demonstrate to its member governments and the general public that the projects it supports "have been subjected to a thorough environmental assessment, and that adequate safeguards have been incorporated into project design."

The four specific recommendations set out in the Canadian paper, should also be fully implemented by the Bank. First, in order to help ensure the effective implementation of its environmental policies, the Bank should prepare an annual report on the environmental aspects of its operations and make it public following Executive Board approval. That is now being done, but the Bank should also implement the accompanying recommendation that the reports' release be supplemented by periodic publication of environmental assessments for approved loans.

Second, the paper proposed that the Bank "... draw more heavily on NGO expertise with respect to the environmental and social impact of its lending." The Bank has recently decided to broaden the descriptions of projects under development in its Monthly Operational Statements (MOS) to include the identification of environmental risk issues. Effective follow-through — in terms of supplying sufficiently detailed information in the MOS and actively pursuing NGO assistance in these areas — is now required.

Third, in order to better ensure the environmental and social soundness of the projects it finances, the Bank should develop guidelines for lending in the sectors where environmental risks are greatest, including in the particularly important area of tropical rainforests. Finally, the Bank should examine innovative ways to finance conservation in borrower countries.

The Bank has taken some action along these lines, but, despite the work of some dedicated staff and further pronouncements by the institution's leadership, the Bank is still not taking sufficient steps to strengthen the natural-resource base in the South and to avoid negative environmental repercussions of the projects, programmes and policies that it supports. A major step forward would be for the institution to comprehensively carry out the Brundtland report's recommendation that, as the first prerequisite for sustainable development, "effective citizen participation in local decision-making" must be secured in all development matters. However, despite much rhetoric on this point as well, the Bank is not yet demonstrating a participatory style of development; i.e., it is not "listening to the poor" as a starting point in its operations.

8. Other Considerations Related to Adjustment and Development

The current situation in much of the South as it relates

to food security, the environment, economic opportunity and equity, family welfare and the burden carried by women strongly indicates the need to take a more flexible attitude in the prescription of development solutions. This holds at both the macro and micro, or community, levels and relates to the overemphasis on free-market principles and fiscal discipline.

At the macro level, for instance, devaluations should be tempered to account for the need to manage foreign exchange in an orderly fashion and for the increased cost of imported raw materials that are required by industries producing for the local market. The maintenance of employment and the provision of priority goods in countries where income levels are severely reduced calls for some interventions by government. These include substantial improvements in the equity and efficiency of social services and particularly in the poor's access to primary health care, immunisations, essential medicines and communal water points in both rural and urban areas. Governments should be encouraged to support those economic activities and protect those basic services on which large numbers of poor people depend even if this means a slower pace of adjustment and a degree of market protectionism.

In short, the objective of a "new generation" of structural adjustment, or structural transformation, should be to achieve a more equitable and efficient distribution of assets and incomes, greater satisfaction of basic needs and, through these processes and the active participation of local populations, sustainable development that builds upon the creative capacity and efforts of the poor themselves.

This means that there must be an end to the political favoritism present in the funding of adjustment programmes. Governments allied with the monetarist model in a number of developing countries that are strategically important to the Bank's major shareholders have received funding for adjustment programmes on much easier terms than have other governments. Jamaica under former Prime Minister Edward Seaga is a case in point. Vietnam, despite undertaking significant economic reforms, is still denied financing for political reasons.

Likewise, the Bank's growing realisation that such programmes often fail because they have been too heavily identified with the Bank and IMF and thus prove to be politically difficult for governments to defend should not lead the institution to simply seek means to gain government support for, and pacify popular opposition to, its adjustment measures. Rather, it should realise that it is the measures themselves and how they were devised, void of popular involvement, that are a major part of the problem.

The genuine concern of many within the Bank about the social impact of adjustment measure unfortunately continues to be largely translated into compensatory or social-action programmes targeted at specific population groups or reflected in some marginal shifts in borrowers' budgetary priorities; it has not led to fundamental changes in the basic economic reform package. While Bank efforts to alleviate poverty should be encouraged, such schemes as the Emergency Social Fund in Bolivia, and PAMSCAD in Ghana do not address the root causes of the current economic crisis and deepening poverty. The theory that people need only suffer transitional hardship on the road to economic recovery and growth has yet to be borne out in a decade of experience with adjustment programmes. In fact, the negative effects of adjustment, once thought to be temporary, now appear to be at best symptoms and at worst the long-term fallout of dysfunctional policies.

9. The Need for a Social Audit

For development projects and policies to serve the needs of the poor, a clear focus on people and not just on economic management should be implicit in the design of programmes supported by the Bank and other aid agencies. A "social budget" report should be prepared for all projects and policies early in the design stage, indicating clearly which people will be affected directly and indirectly, both positively and negatively. This necessitates a more comprehensive study of the distribution of costs and benefits than is customary. A close look at which social groups stand to receive most of the benefits and whether the project or policy further improves the standing of the relatively better off at the expense of others is required. Care must be taken to identify any communities or groups at special risk.

In making these calculations, care should be taken to avoid making the artificial and misleading distinction between social costs and economic benefits. In the case of adjustment, loans, for example, the often emphasised social effects are in reality economic indicators expressed through the human condition rather than through balance sheets, growth rates or theoretical constructs. This does not make them less valid as economic indicators, only more difficult to measure.

On the basis of such analysis, staff can determine if social benefits outweigh social costs and if project or policy development should continue. In the implementation stage, staff and supervisors should discuss developments regularly with NGOs and other organisations that are able to represent the concerns of the people affected by the project or policy.

10. NGOs and the Bank

NGO concerns and potential

NGO concerns about structural adjustment lie with both the negative effects on vulnerable groups and the capacity of the policies to achieve equitable growth. Having been called upon by the Bank and bilateral agencies to implement compensatory programmes and having responsibilities to the local populations with which they work, NGOs clearly have a direct stake in the programmatic outcomes of adjustment. Because of the intersection of these concerns, NGOs are demanding, and offering, greater cooperation with the Bank at the policy level as a prerequisite for cooperation at the programme and project levels.

A major characteristic of NGOs, as a community, is their collective concern for democratic principles and for the rights and opportunities of the less fortunate members of society. Adjustment and other programmes that further marginalise the poor economically also increase the constraints on popular and voluntary action necessary to reverse the situation. This is the basis for NGO advocacy vis-à-vis the need not only for alternative adjustment policies and other Bank programming that better responds to the needs of the poor and promotes equitable development but also for popular participation in the design of those programmes. The Bank can do a great deal to enhance the chances for democratic development in the South by reducing or eliminating its financing of those programmes which do not involve the poor in their design and implementation. The participation of NGOs and popular organisations in policy dialogue is also important, both for the enhancement of the democratic process and for the relevance and effectiveness of the policies that emerge.

There is still relatively little evidence, however, of the Bank availing itself of this wider NGO potential. Some

NGOs are now engaged in active dialogue with the Bank about mitigating harmful social and environmental aspects of specific Bank-funded projects. The Bank has publicly applauded the NGO role in helping to redesign these projects. At the same time, however, the Bank has seldom taken the initiative to approach well placed NGOs to ask advice or help in soliciting grassroots concerns about upcoming projects. Indeed, these NGOs often find it very difficult to gain access to relevant information related to such projects. The Bank's new environmental assessment policy encourages consultation with affected communities and local NGOs, but the extent to which this provision will be implemented remains to be seen.

Establishing a basis for cooperation

Although trilateral discussions and even cooperation may be in order in some circumstances, the Bank as a rule should consider bilateral Bank-NGO discussions alongside the Bank-government relationship. The Bank routinely uses channels other than governments in question to gather the information necessary to plan its programmes. It should see NGOs (and indeed peasant organisations, cooperatives, trade unions, women's organisations, organisations of indigenous populations, environmental movements, organisations of the urban poor, etc.) as essential independent channels of local knowledge. Systematic consultation with affected groups must be a part of all Bank operations, and mechanisms should be established in each country in order to effect this.

Local knowledge, perspectives, priorities and institutional alternatives should be increasingly taken into account in the formulation of Bank country programmes and policy positions, i.e., at all stages of the project cycle and in the process of policy dialogue. Some NGOs in the North and South may choose to play a role in helping to identify Southern NGOs that are interested in participating in the design, implementation and/or monitoring and evaluation of Bank-financed programmes and policies and to help these groups place such work in proper context.

To that end, Southern NGOs interested in organising initiatives for dialogue and/or consultation with the Bank, at national and regional levels, should be supported in efforts to identify systematic means for NGO-Bank consultation and to communicate NGO priorities. Local NGO initiatives to effectively channel country-specific inputs into the ongoing policy dialogue between the Bank and Government, as well as into the development of Bank-financed programmes, can be potentially very significant. NGOs operating within their respective countries with or without formal NGO coordinating structures should make every effort to ensure that NGO relationships with the Bank are as open and representative as possible and that NGO partners are informed of opportunities and the means for consultation with the Bank.

Meanwhile the Bank should indicate to governments the value that it attaches to drawing on NGOs and other local sources of information and expertise in its work and encourage governments to engage these sources in sustained dialogue. NGOs should also help in this process. Furthermore, the Bank should make the necessary internal institutional changes to foster greater NGO involvement in Bank-supported programmes. Rather than wait for NGOs to initiate contact or meetings with Bank staff at the national or regional level, the Bank should, for example, put in place a comprehensive programme through which regular, systematic contact with local NGOs is made during the decision-making process related to all projects, programmes and policies that it supports. At the same time,

Northern NGOs, informed by the priorities and experience of their Southern counterparts, should upgrade their advocacy and development education initiatives at home.

NGOs as Bank-supported project implementors

Although the Bank has a growing list of projects that it has financed in which NGOs have been involved, in the vast majority of cases to date these groups have worked within the context of a government- and Bank-defined scheme. Rare is the case in which such a local-level organisation has identified, designed, implemented and had management authority over a project financed by the Bank. Ironically, one of the first interactions between the Bank and a NGO — a project undertaken by a housing foundation in El Salvador in the early 1970s — provided as close to an ideal model as possible for relationships that protect the independence of action of local groups.

Two successive loans to that foundation in the mid-1970s were followed by further experimentation by the Bank's Urban Projects Department in cooperation with other NGOs to actively demonstrate how to effectively increase local NGO involvement in primarily income-generation project components. Extensive NGO learning about appropriate processes in this area, including the identification and selection of local groups, relationships with government, the assessment of risks and advantages, coordination among NGO participants and appropriate guidance in project preparation, has been shared with the Bank.

Disappointingly, this experience of the Bank in expanding its institutional selection process to include NGOs as independent project executors in its mainstream operations has not provided the basis for its project-implementation relationship with NGOs in the 1980s. In addition, suggestions of possible direct financing of NGO projects from a special pool of grant funds, though attractive to some organisations during the decade-long dialogue between the two parties, have never been translated into a realistic option for implementation.

Some NGOs would be open to taking the risk of relating to such a mammoth development finance institution as the Bank if the latter were to demonstrably respect NGO independence. However, in addition to the fear that the Bank will use NGOs to pursue ends that they do not share, there exists a concern within the NGO community that any form of expanded NGO project relationship with the Bank might well foster the development and consolidation of a range of bogus NGOs that are not truly representative of the grassroots. To limit such an occurrence, the Bank would have to be provided with clear guidelines on how to select NGOs on a country-by-country basis, and further training of Bank staff may be required.

Some principles of cooperation

For the reasons explained above, NGO cooperation with the Bank requires determined efforts by both parties. The following rules and principles might form the basis of such cooperation, particularly as it relates to adjustment lending:

1. The Bank should routinely strive to acquire a grassroots view of the impact on the poor and the environment of all projected programmes, including adjustment measures, before establishing its own position regarding their financing (the NGO-Bank Committee should be helpful in this regard). This would include discussion of possible compensatory measures and social-action programmes.
2. Those NGOs that are most effective in helping the poor gain an understanding of the root causes of their problems and to organise appropriately, thereby enhancing grass-

roots democracy, should be favoured in Bank-NGO consultation, as they often have invaluable local knowledge and are better able to involve the poor in the planning of adjustment, compensatory and other related measures.

3. Although programmes should be designed to enhance, not erode, the well-being of the poor, compensatory or social-action programmes might unfortunately be necessary at times, and the Bank may seek the involvement of NGOs in this area. It should be recognised, however, that NGOs have a limited capacity for playing such a role and hence might only become involved under the following circumstances:

- a. when they are to be true partners in the process and not merely subcontractors;
- b. when they have the opportunity to discuss with the Bank and with local populations the adjustment programme that necessitated compensatory measures and to negotiate with the Bank changes in the adjustment package to take into account the situation of the poor;
- c. when they are convinced that the compensatory measures and social investments envisaged are helpful and practicable;
- d. when they feel that their cooperation would be understood and supported by their partners and grassroots constituencies;
- e. when they are able to remain accountable not to the Bank and governments but the local populations and organisations with which they work;
- f. when they feel that they are able to adhere to the principles of grassroots democracy and bring into the programmes the characteristic NGO elements of grassroots "capacity building" through popular education, training and organising activities; and
- g. when they have the original capacity to be effective.

4. Social-action and compensatory programmes should be seen not as temporary welfare measures but, while they are necessary, as ingredients in a process of transformation — a transformation from an unjust economic order that has helped cause the world environmental crisis and made the poor bear the brunt of the burden of recession to a new order that gives highest priority to the realisation of peoples' full potential. These programmes should include measures, such as agrarian reform, that increase and upgrade the productive assets of the poor.

5. Bank involvement with NGOs should not be restricted to social-action and compensatory programmes. The local knowledge offered by NGOs is vitally important in all other aspects of Bank work, including project design, planning, implementation and evaluation, as well as policy reviews and country assessments.

If the above principles are not observed, the NGO community's capacity to serve the poor could be seriously compromised. These issues were brought to the Bank's attention at the 1987 meeting of the NGO-Bank Committee and some are reflected in that session's Consensus Conclusions (see Annex I). While the Bank's work with NGOs has expanded since that time, questions about the nature or such relationships remain. For instance, if organisations more concerned with their own institutional interests than with the promotion of grassroots democracy are strengthened, and new NGOs are encouraged to serve mainly as delivery systems for local governments, for the World Bank and for other assistance agencies, the image of NGOs in the eyes of Third World governments and the poor will be damaged.

11. Changing Bank Information Policy

Local grassroots knowledge, perspectives and information are indispensable to quality and relevant development programming and policy formulation on the part of governments and assistance agencies. For participation of local populations to be meaningful, directly and through their own organisations, it must begin in the identification and design stages of projects, programmes and policies. The NGO-World Bank Committee has embraced regular consultation with organisations functioning at grassroots levels as a primary means by which the Bank should obtain such input throughout the course of its work. So far, however, there has been little sign that the Bank has begun to reach out systematically to local-level organisations as part of its project and programmatic identification and design activities.

Furthermore, for local populations and organisations to participate effectively in these operations they must be informed about the programmatic and policy initiatives that will shape the environment in which they live and work. This information must be available early in Bank and government planning processes not only to allow the poor to participate meaningfully in the decisions that will so profoundly affect them but also to help the planners increase the relevance and diminish the potential damage of their work.

Local groups can attempt to obtain project-related information either from government sources or from the Bank and either informally or through formal channels. But without the basic right to the desired information, the people are at the mercy of the discretion of bureaucrats. The Bank's Monthly Operational Statements are useful as a starting point in the information-sharing process, but they are insufficient unless followed by the provision of more detailed documentation. NGOs also have a responsibility to help maximise the availability of information about the Bank and its operations. A good start would entail a wider, organised distribution of the MOS, but the Bank, for its part, must make available more detailed information on all the projects and policies it helps formulate and support.

The presumption in favor of disclosure of information, as set forth in the Bank's Directive on Disclosure, must be translated into Bank operational policy and from there into practice. Various types of information can easily be protected without denying local populations their right to know what is being planned for their future. The Bank's rhetoric reflects a great value placed on participation and democratic process as an integral part of its development paradigm. Its practices should be consistent with this rhetoric.

Unfortunately, a recent effort to reform institutional policy in this area yielded only minor changes and was very disappointing, as the policy remains unacceptably skewed toward withholding instead of releasing essential information concerning Bank operations. It appears that all important information concerning the physical, institutional and economic details and the environmental and socio-economic impact of proposed operations will continue to be treated as confidential by the Bank.

While it is clear that staff require the confidentiality that enables it to be frank in its assessments of local personal and institutional capabilities, those types of comments, to the extent that they surface in such formal intermediate documents as Executive Project Summaries and Project Briefs, can easily be deleted before the documents are made publicly available. The same applies to related to national security concerns of borrower countries.

The right of borrowers, however, to claim as confidential all information that they share with the Bank, or the right of the Bank itself to withhold information from the

public without explanation, needs to be challenged. It is difficult to see how a country can keep information from its citizens, particularly those directly affected by its development plans, and at the same time claim to be representative of its people. This is obviously an issue of democratic principle.

Many principles related to development effectiveness are not found in the Bank's mandate but are demanded by the institution of borrowers and their agencies before the loan process can proceed. Today these demands go well beyond local institutional issues and project-specific matters to include the restructuring of national economies. These are negotiated positions and so too must be the issue of democratic principles. Without great improvement in local consultation and greater access to information, local populations will remain unable to gain or maintain a measure of control over their own environments or to assist the Bank in more effective and relevant development planning. In short, what is called for is conditionally attendant to all Bank loans that would have citizens informed about the programmes and policies that are being formulated.

Hence, government demands for confidentiality covering most of the information it shares with the Bank should be grounds for withholding new loans to that country. Bank management, with the assistance of member governments and citizen groups worldwide, could develop criteria for identifying the type of information that could be omitted from public disclosure without denying local populations any significant information that they might need to be able to cope with and gain greater control over their changing environment. NGOs should contribute their time and insights to such a process.

Accordingly, all papers and reports related to formal decisions taken within the Bank should, in principle, be publicly available, recognising the need for the Bank and its borrowers to eliminate certain types of information within pre-determined categories. All Executive Project Summaries, Project Briefs, and Appraisal Reports, with the appropriate passages and sections blackened out, should be made available. This would allow local organisations, whether they are contemplating participation in a given project or desire to make an input into its identification and design, to do so in an educated manner.

Equally important are reports developed after the project has been appraised, particularly those related to implementation. In this category fall the President's report, supervision mission reports, Project completion Reports

and Operations Evaluation Reports. These, too, could be edited by Bank staff in conjunction with local government officials and in accordance with the criteria delineated above.

12. A Call for Clarity

No one should doubt that there are moves afoot in the Bank to address poverty and environmental issues more seriously, initiatives that are led by well motivated individuals and encouraged by high-level policy statements. It has yet to be demonstrated, however, that these reflect a change in the direction of the institution. Staff frequently remark that the institution is a many-faced one. Is the "poverty alleviation" face to be presented prominently or to be lost behind the faces that advocate tougher adjustment efforts, orderly debt service and more aggressive export promotion, as set forth in a number of Bank reports?

There are calls for orthodox principles of market liberalisation to be softened to allow for a more nurturing or protective approach to the internal market, but elsewhere in the Bank traditional hardline prescriptions are maintained. Yet to be evidenced, for example, is the aggressive promotion of South-South cooperation in the form of intra- and inter-regional trade initiatives and collective bargaining on importing arrangements with Northern countries (although it is estimated that this latter arrangement could save developing countries up to 20 percent on their import bills).

Rather, the same advice — orthodox adjustment and export promotion — is being given to all debtor countries. If an individual country falls into budget and current-account deficits such advice may be sound, but when almost the entire Third World has the same set of problems is it not time to say that it is the international economic system that is at fault rather than individual debtor countries? If all debtors are urged to export more aggressively, and they all depend on a limited range of export items for which demand is not expanding, then this will contribute to the further erosion of commodity prices. This is a prescription for economic suicide.

As long as these and other broad questions relating to the overall development model pursued by the Bank remain unanswered, relations between the NGO community and the Bank will remain uneasy. There is undoubtedly scope for increased cooperation on specific projects or programmes, but many NGOs will remain wary, anxious that such relationships may be interpreted as an endorsement of the Bank's overall approach. This would extend a legitimacy to the Bank and its role in the development realm that many NGOs feel has not been earned.

Annex I: Consensus conclusions of the NGO-World Bank Committee Meeting Santo Domingo, 2-4 November 1987

1. Objectives of NGO-World Bank Committee

- A) Local knowledge, perspectives, priorities and institutional alternatives should be increasingly taken into account in the formulation of Bank country programmes and policy positions, i.e., at all stages of the project cycle and in the process of policy dialogue.
- B) The Committee's work should help to identify developing country non-governmental organisations that can effectively participate in the design, implementation and/or monitoring of Bank-financed programmes that involve the poor and address their needs.
- C) The Committee should serve as a forum for dialogue on Bank and NGO policies and mutual reporting on Bank-NGO matters, including plans for future action.
- D) The Committee intends especially to encourage and support the initiatives of Southern NGOs in development work.
- E) The Committee will foster mutual understanding between the Bank and NGOs of each other's operations and the context in which they take place.

2. Some means to accomplish these objectives

- A) Southern NGOs should organise initiatives for dialogue/consultation with the Bank at national and regional levels.
- 1) SHORT-TERM: to identify systematic means for NGO-Bank consultation and to communicate NGO priorities;
 - 2) LONG-TERM; to develop NGO means for country-specific NGO inputs into policy dialogue and Bank-financed programmes.
- B) Northern NGOs, informed by the priorities and experience of the South, should organise initiatives to further their advocacy and development education responsibilities.
- C) NGOs in national situations (with or without formal NGO coordinating structures) should make every effort to ensure that NGO relationships with the Bank are as open and representative as possible and that NGO partners are informed of opportunities and means for consultation with the Bank. The full resources of the NGO Working Group members of the Committee should be used in this effort.
- D) The Bank and NGOs should ensure that Resident Representatives (and, through them, Bank missions) are informed of initiatives by Southern NGOs (see A above) and ask them to cooperate in developing systematic consultations for the purpose of eliciting NGO input and involvement in Bank programming and policy dialogue.
- E) The NGO-World Bank Committee will concentrate its efforts on facilitating and enhancing Bank-NGO consultation as described above.
- F) The Bank should whenever possible inform members of the Committee in advance about major trilateral consultations.
- G) The Bank should indicate to governments the value that it attaches to drawing on NGOs and other local sources of information and expertise in Bank work and encourage governments to do the same. NGOs should also help in this process.
- H) Members of the Committee should exchange information on relevant policy and programmatic subjects and plans so as to facilitate greater NGO input, where appropriate, early in the planning process.
- I) The Bank should prepare, in consultation with the NGO Working Group, an Operational Manual Statement of Bank-NGO operational cooperation.
- K) The Bank should explore other internal changes to foster greater NGO involvement in Bank-supported programmes, such as :
- 1) staff orientation/training for working with NGOs; and
 - 2) various financial and other arrangements to assist the participation of local NGOs.
- L) NGOs and the Bank should exchange relevant research and experience on, for example, debt and structural adjustment to strengthen each other's analyses and policies.

Annex II: Members of the NGO-Bank Committee

| Organisation | Country | Representative |
|---|--------------------|---------------------|
| Action pour le développement rural intégré (ADRI-DUHAMIC) | Rwanda | Simeon Musengimana |
| Inter Action | United States | Peter Davies |
| Amigos de Terra/Accção Democratica Feminina Gaucha | Brazil | Magda Renner |
| Association of Voluntary Agencies for Rural Development (AVARD) | India | Amresh C. Sen |
| Bangladesh Rural Advancement Committee (BRAC) | Bangladesh | Fazle H. Abed |
| Canadian Council for International Cooperation (CCIC) | Canada | Tim Brodhead |
| Caritas Internationalis | Holy See | Gerhard Meier |
| Centre de recherche et d'information pour le développement (CRID) | France | Jean-Marie Hatton |
| * Centre for Science and Development | India | Anil Agarwal |
| Conseil des organisations non gouvernementales d'aide au développement (CONGAD) | Senegal | Thierno Kane |
| ** Deutsche Welthungerhilfe | West Germany | Bernd Dreesmann |
| The Development GAP | United States | Doug Hellingor |
| Fundación Dominicanas de Desarrollo | Dominican Republic | Eduardo Latorre |
| Grupo de Tecnología Apropriada | Panama | Glenda Bonamico |
| International Institute for Rural Reconstruction | Philippines | Juan Flavler |
| Islamic African Relief Agency | Sudan | Abdalla Sulmeiman |
| Bischöfliches Hilfswerk Misereor (MISEREOR) | West Germany | Reinhard Hermle |
| Netherlands Organization for International Development Cooperation (NOVIB) | The Netherlands | Max Van den Berg |
| OISCA | Japan | Toshihiro Nakano |
| OXFAM | United Kingdom | Frank Judd |
| * OXFAM-Belgique | Belgium | Pierre Galand |
| ** Population and Community Development Association | Thailand | Mechai Viravaidya |
| Programa de Economía del Trabajo (PET) | Chile | Humberto Vega |
| Réseau africain pour le développement intégré (RADI) | Senegal | Mazide N'Diaye |
| SOLIDARIOS | Dominican Republic | Enrique Fernández |
| Third World Network/Consumers Association, of Penang | Malaysia | Martin Khor |
| World Council of Churches (WCC) | Switzerland | Midge Beguin-Austin |
| Zimbabwe Freedom from Hunger Campaign | Zimbabwe | Joyce Chikara |
| * New member, elected November 1989 | | |
| ** Serves through December 1989 | | |

A World Bank Response to the NGO Working Group Position Paper on the World Bank*

Over the last several years, interaction between the World Bank and nongovernmental organizations (NGOs) has expanded greatly. NGOs are involved in about 50 of the 225 projects approved by the Bank in its last fiscal year, a dramatic increase from the pattern of the past. In about a fourth of these 50 projects, NGOs were involved at the planning stage. The Bank and its member governments have also become more attentive to NGO thinking about development policy, especially on social and environmental issues.

The NGO-World Bank Committee provides a formal, ongoing forum for Bank discussion with a group of respected NGO leaders from a wide variety of countries and types of NGOs. The Bank is in discussion with many NGOs, not just the 26 NGOs who are part of this Committee. But the Committee has provided helpful advice and assistance in guiding the broader process of the World Bank's expanding engagement with NGOs.

When the Committee NGOs meet by themselves, they are called the NGO Working Group on the World Bank. At the Committee's November 1989 meeting, they presented a Position Paper which is intended to summarize for other NGOs what Committee NGOs have been saying to the Bank over the last few years. The Bank members of the Committee have been sharply disappointed by this Position Paper. We have heard various points of view among the Committee NGOs, and the Committee NGOs have encouraged and helped with the rapid expansion of NGO-Bank interaction around the world. Yet the Position Paper conveys the impression that the Committee's discussion has been entirely polarized and fruitless.

This reply follows the general outline of the Position Paper. We argue for structural adjustment in the industrial countries and, more specifically, for trade and finance policy changes that would be conducive to economic and social progress in the developing countries. We then argue for outward-oriented policies toward international trade in the developing countries, and we explain the Bank's support for structural adjustment in the developing countries. We continue with responses to the NGO Working Group Position Paper with regard to a number of specific sectors and issues. Finally, we take exception to the excessively critical tone of the Position Paper.

* Document established by the Strategic Planning and Review Department, World Bank, 1818 H. Street, N.W., Washington, DC 20433, March 13, 1990.

We hope this fairly detailed response will convince the NGO Working Group to modify its Position Paper. In the meantime, we hope that other NGOs who receive the NGO Working Group Position Paper will also read this response. NGOs play a significant and growing role in shaping public opinion and development policies at the national and international levels.

The Need for Change

The proportion of the world's people in poverty has declined over the past generation, and social indicators such as literacy and infant mortality have improved dramatically almost everywhere. But the number of people in absolute poverty has not declined: about one billion people still subsist in absolute poverty. In the 1980s, many developing countries were wrecked by economic crisis, and for much of Africa and Latin America the end of these troubles is still not in sight. Meanwhile, environmental problems are mounting worldwide.

Under these circumstances, none of us can be complacent. The World Bank still has much to learn, and we are glad that NGOs are paying increasing attention to development policy issues. Global success in overcoming today's poverty and environmental problems will depend in part on the emergence of NGO networks that understand these issues and can mobilize public opinion for change.

Industrial-country Policies

We agree with the NGO Working Group Position Paper on the need for policies in the industrial countries that are more conducive to economic and social progress in the developing countries. In fact, we would urge that the NGO Working Group make this part of their analysis more extensive and hard-hitting when they revise their Position Paper. We wish NGOs generally would devote more effort and analysis to industrial-country policies that affect the developing countries.

The Position Paper indicates that we are currently in "a global recession." That is not accurate: the average rate of economic growth for low- and middle-income countries was 5.5% in 1988 and 3.5% in 1989. But the decade began with the longest recession since the 1930s, its impact on the developing countries was extremely severe, and some of the weaker and less well-managed developing economies have yet to recover. Mainly because of fiscal deficits in the indus-

trial countries, especially in the United States, the recession was accompanied by the highest real interest rates in 200 years, and unprecedented interest rates helped to trigger the international debt crisis.

Weaknesses in the management and coordination of economic policy among the industrial countries continue to cause serious problems for the developing countries. At the present time, world economic stability is especially threatened by the continuing fiscal and trade deficits of the United States and by the huge trade surpluses of Germany and Japan.

Some of the industrial countries' trade policies specifically discriminate against developing countries. The World Bank estimates that industrial-country protection reduces developing-country national income by roughly twice the amount provided by official development assistance, and there was some increase in protectionist measures against the developing countries during the 1980s. Both industrial and developing countries stand to gain from trade-related structural adjustments in the industrial countries (reductions in protection and subsidies to agriculture, for instance). The current round of GATT negotiations is a major opportunity for change, but we do not see a very serious NGO advocacy effort on trade issues.

The Position Paper says that there has been a negative flow of financial resources from the North to the South in the 1980s, which is not accurate either. But official financial flows to the developing countries have been stagnant, while commercial flows have dropped drastically, and debt-servicing obligations have increased. Some countries have indeed been transferring real resources to the rest of the world to service their debts.

The Bank has consistently urged the industrial countries to provide additional finance to help highly indebted developing countries recover economic growth. The Bank is also deeply involved in current efforts to reduce the accumulated stock of debt for countries that are making serious efforts to recover financial stability and economic growth. For the low-income countries, the main issues are the volume of concessional finance from high-income countries and the extent to which bilateral aid is tied to the donors' political and commercial objectives.

The Bank has repeatedly advanced these arguments in various publications and fora. For example, the Bank's president, Barber Conable, made all these points to the Development Committee at their last meeting. The Development Committee is comprised of representative finance ministers (the Bank's governors) from both industrial and developing countries.

NGOs could play a much expanded role in developing a wider constituency of people in the industrial countries who are interested in these issues.

Developing Countries and the Global Economy

The Position Paper says that *"the roots of the Third World debt crisis lie in a development approach that increases the integration of local economies in the international economic system"*. It criticizes adjustment policies for focusing too much on external balance. It also criticizes agricultural and industrial development that is oriented toward international trade. It talks about *"a new development model that places priority on the internal needs of developing countries"*.

In our view, countries with more outward-oriented

policies have generally done better in weathering and overcoming the debt crisis. They have also achieved more rapid and more equitably distributed agricultural and industrial development. They have been able to use the opportunities of the global economy to support progress on domestic goals.

International trade allows each country to develop its comparative advantage, which results in major gains in economic efficiency and incomes among all trading partners. While mutual reductions in trade barriers make the most sense, there is considerable evidence that countries can benefit from dismantling their own barriers to trade even if their trading partners do not. In the developing countries, export production tends to be labor-intensive, so that export development is a powerful way to raise wages and reduce poverty. Outwardly oriented countries also have an edge in acquiring new technologies from around the world. Finally, they tend to become more flexible and thus quicker in adjusting to changing conditions.

Successful East Asian countries, such as Korea, Thailand, and Indonesia, provide the clearest evidence. Exports account for 56 % of national income for the East Asian market economies, compared to 11 % for Latin America and 22 % for Sub-Saharan Africa. The export-oriented East Asian countries have achieved exceptional gains in national income, reductions in poverty, and improvements in health and education. Even though these countries were sharply affected by difficulties and changes in the global economy in the 1980, their outward orientation had helped to prepare them for a relatively quick and successful process of adjustment.

The NGO-Bank Committee met in Bangkok last November. Thailand's economy expanded by 10 % in each of the last two years (1988 and 1989). Such rapid growth has brought its own problems, including a widening gap between rich and poor, but poverty is definitely declining. Thailand has no external debt problem.

Most Latin American countries, by contrast, have long pursued an import-substitution model of development. Yet they were also hard-hit by adverse changes in the global economy, and they have proved much less adept at adjusting and overcoming difficulties.

In most African countries, severely overvalued exchange rates and taxes on exports have contributed to general economic deterioration and deepening poverty, especially among the most deprived rural populations. Africa has suffered from low commodity prices, but its share in the world market for non-oil primary commodities has also declined (from 7 % in 1970 to below 4 % in 1985), mainly as a result of misguided domestic policies. Asian countries with liberal trade regimes and stronger private investment have cut into Africa's share of world markets for cocoa, coffee, palm oil, rubber, copra, tea, and cotton.

The Soviet Union and the People's Republic of China have until recently been among the most prominent examples of relatively successful countries that deliberately turned away from the global economy. But their vast size made inward-looking development more feasible than it would be for most countries, and even they eventually decided to shift policies and take a more active part in the global economy.

Some other widely heralded experiments in inward-oriented development ended in failure, notably Ghana and Tanzania in the 1960s and 1970s or, more recently, Peru—an extreme example would be Myanmar (Burma), which

started its isolationist course with high-sounding rhetoric about the Burmese Way to Socialism.

There are counter-examples. Some highly open economies, mainly countries which rely heavily on primary commodities, have done poorly in the 1980s.

The World Bank does not favor export subsidies, and we are certainly opposed to the thoughtless "mining" of natural resources for short-term export profits. Nor does the Bank see outward-orientation as a panacea: most countries which have made rapid progress against poverty have achieved rapid economic growth and especially rapid export growth, but they have also stressed agricultural development and invested vigorously in education and health.

Despite such caveats and complexities, however, the NGO Working Group's general skepticism about the global economy is certainly not justified by developing-country experience.

Many NGOs are rightly critical that the relatively affluent in many developing countries (including some high government officials) seem to be oriented more toward the industrial countries than toward low-income groups in their own countries. Their lifestyles depend heavily on foreign imports. Their thinking draws very much on ideas from abroad. But "outward orientation" in this political and cultural sense is often bolstered by policies which are inwardly oriented in an economic sense. An undervalued exchange rate and high tariff barriers favor capital intensity and reduce low-income employment. These policies also spawn corruption and monopoly profits for the business interests which are picked to manage exports and imports.

The World Bank: An Agent of Distortion ?

The Position Paper charges that the industrial countries control the World Bank and use it as their instrument to promote the integration of developing countries into the international economic system.

In our view, the Position Paper exaggerates the extent to which the industrial countries dominate the Bank. Voting shares among our member countries are roughly in line with cumulative financial contributions. The industrial countries together control 60 % of the votes in the Bank's Board of Executive Directors, but the developing countries also have considerable influence.

The Bank's structures carefully respect developing-country sovereignty. Developing-country governments borrow money from the World Bank to support their projects and programs. Local institutions (government agencies, commercial enterprises, or NGOs) are primarily responsible. The Bank assists in the planning of the projects it finances, appraises their feasibility, and closely monitors their implementation. We also maintain an active dialogue with borrowing member governments on issues of economic development policy. But the Bank plays a supportive role. The Bank cannot do anything in a developing country without the consent of that country's government. The Bank's resources and influence are significant, especially in some of the poorest countries where local institutions are weak. But the NGO Working Group's Position Paper sometimes seems to suggest an almost all-powerful World Bank.

By contrast to the Bank's procedures, when money flows from the industrial to developing countries through NGO networks, developing-country NGOs are seldom formally involved in deciding policy or approving projects.

Many industrial-country NGOs work in the developing countries without connecting effectively to local partner institutions.

The Position Paper argument about the Bank as an agent of distortion may also reflect a mistaken impression about the extent to which the Bank is pro-trade. NGOs may get the idea that the Bank's advice is more pro-trade than it really is due to limitations and misperceptions related to the Bank's function as a lender of foreign exchange. The Bank's concessional affiliate (IDA) provides credit to low-income developing countries at zero percent interest with a repayment period of 40 years, but the Bank itself lends at near-market interest rates for 15 to 20 years. The Bank borrows the bulk of these funds on a commercial basis, leveraging manifold the paid-in capital it receives from industrial-country governments.

Many countries that have limited access to commercial lending can borrow from the World Bank, and the Bank's terms (especially the repayment period) are more favorable than those of commercial banks. If the return on a Bank-funded project exceeds the rate of interest, the country is able to pay back the loan and still be better off. But the Bank cannot continue normal operations if a country is following a course which makes repayment unlikely. Also, while the Bank can and does fund many projects that do not generate foreign exchange, governments are normally and rightly concerned that most Bank-financed projects should produce exports or reduce imports enough to allow for repayment of the Bank loan.

The limitations of official lending imply the need to deploy other funds in complementary ways and for continuing efforts to ground the Bank's policy advice on development experience generally, not just on Bank-financed projects.

Structural Adjustment

Following the breakdown of the system of fixed exchange rates and the oil shock of 1973, most developing countries have been affected by external economic shocks, some beneficial and some harmful. The oil price rise caused problems for oil-importing developing countries, but the early and mid-1970s were also a time of rapidly rising commodity prices, low interest rates, and economic growth. Many developing countries expanded public spending rapidly, often in an inefficient way and increasingly depending on external borrowing.

In the early 1980s, the global economic environment deteriorated sharply, with deep recession in the industrial countries, falling commodity prices, rising interest rates, and an abrupt decline in the willingness of commercial banks to lend to developing countries. The International Monetary Fund extended credit to an unprecedented number of countries, but Fund credit has traditionally been short-term, with consequent emphasis on short-term reduction in demand and imports. The World Bank introduced structural adjustment lending to help support a longer-term process of adjustment, emphasizing structural changes to expand production, exports, and saving.

Adjustment measures which the Bank supports typically include relaxing controls on key prices (interest rates, for example, or agricultural prices), curtailing public-sector deficits, reallocating public spending to more effective uses, and reducing import protection and export taxation. These measures are important for the efficiency of the

domestic economy as well as for improvement in the balance-of-payments. They also reduce structural inequities and shift future growth toward rural areas and labor-intensive manufacturing.

Adjustment programs are strong medicine, but the NGO Position Paper makes no distinction between the medicine and the disease it is meant to cure. When countries run into severe balance-of-payments problems, they must adjust to this harsh reality one way or another. Countries which try to ignore the limited availability of foreign exchange (Peru, for instance) often suffer especially severe and protracted economic dislocation, including inflation and declining consumption, employment, incomes, and investment.

The Position Paper explains how macroeconomic problems have made NGOs more keenly aware of the limitations of their traditional projects. Similarly, the World Bank has been compelled to supplement its traditional projects with new initiatives, notably adjustment lending, which are designed to help countries cope with problems at the macroeconomic level. The Position Paper gives the impression that adjustment lending dominates the Bank's current operations more than it does, however. Adjustment lending has been held to 25 % of total Bank lending, although the proportion is higher in some countries, especially in Latin America and Africa.

In 1988 the Bank published *Adjustment Lending: An Evaluation of Ten Years of Experience*. Continuing analysis has confirmed this published review's findings. According to the Bank's own assessment, adjustment efforts supported by the Bank's adjustment lending have been moderately successful in improving overall economic performance. The countries that have received adjustment loans have, on average, suffered greater external shocks than other developing countries. Yet countries that have received adjustment loans have done better than other developing countries in terms of balance-of-payments and economic growth. The difference in performance by these measures is even clearer for the countries that have received several adjustment loans.

There have been serious problems with adjustment lending, some of which are reflected in the NGO Working Group Position Paper. From the Bank's perspective, the most important problem is that some countries have not sustained their adjustment efforts. The Bank recognizes that we need to do more to assure that borrowing member governments really "own" their adjustment programs. An adjustment program must be realistic, and the government should explain and discuss it with the public.

The Bank originally hoped that adjustment efforts in the highly indebted middle-income countries would convince commercial banks to resume voluntary lending, but this has not happened. Concerted, voluntary lending has provided an alternative to default, but the debt burden of the highly indebted countries has grown rapidly relative to their exports and national income. The Bank is now urging, and in some countries helping to arrange, debt relief for both commercial and official debt.

The low-income countries of Africa have benefited from an increased flow of development assistance and debt concessions. But most African economies have proved slow to respond to changed incentives. The Bank recognizes that we need to allow more time and devote more attention to institutional change and the development of supply-side capacity. This will only be possible, however, if donor coun-

tries continue to increase aid for low-income African countries.

The financial and economic reversals which many countries have suffered in the 1980s entailed immense social costs. In countries which have not adopted and persevered in growth-oriented adjustment programs, prospects are for an indefinite continuation of economic decline and widening poverty. But the changes needed for economic recovery also entail dislocation and social costs, and the benefits are not immediate. In countries that have received adjustment loans, social indicators (statistics on health and education) have continued to improve, but food consumption per capita has stagnated or declined.

In many of these countries, the Bank has helped design special programs to reduce social costs of economic problems and of adjustment. Bank-supported adjustment programs now often protect health and education expenditures of importance to the poor. The Bank also addresses poverty issues through specific investment projects that complement its adjustment lending, and the Bank's overall lending program has become increasingly focused on poverty. The Bank is also doing more analysis of how adjustment policies affect the poor.

We agree with the NGO Working Group Position Paper that special programs to help the poor during a period of adjustment are less important than the poverty impact of the adjustment policies themselves. But we disagree with the notion that adjustment policies are generally bad for the poor. In general, policy reforms that are important to growth also tend to attack structural inequities. This is because many long-standing inefficiencies have persisted because they benefit relatively well-off, politically powerful segments of the population. For example, an overvalued exchange rate not only retards trade development. It also shifts the internal terms-of-trade in favor of import-intensive activities (such as urban consumption and capital- and import-intensive industries) and against export-intensive sectors which are important to the poor (agriculture and labor-intensive manufacturing). Policy reforms to accelerate growth often attack such inefficiencies. Thus, they both accelerate growth and shift future growth toward less well-off groups.

In summary then, the problems which adjustment programs are designed to address are extremely severe and complex, and we do not claim that anybody has them completely under control. NGOs are right to press the Bank for further action on problematic issues. But the Position Paper is wrong to characterize Bank-supported adjustment programs as narrowly focused on external balance and insensitive to social issues. They are not dogmatically anti-government and pro-market either; the Bank works with governments of many political stripes. The Position Paper is also wrong to ignore the degree of success which Bank-supported adjustment programs have achieved. They have helped many countries recover both external balance and economic growth, which are essential preconditions to progress against poverty. Finally, the Position Paper is especially wrong to oppose those adjustment policies which attack structural inequities and shift future growth toward low-income groups. NGOs intend to be advocates for the poor, but NGOs that oppose adjustment in general risk becoming unwitting allies of privileged groups who have long benefited from subsidies and protection.

NGOs have already played a helpful role in urging the Bank to devote more attention to the social impact of

adjustment. They have contributed to the Bank's thinking about fundamental, long-term development issues in Africa. Some industrial-country NGOs also helped to get their governments to offer some concessionality in debt rescheduling for low-income African countries. But more along these lines is needed, and widespread NGO concern about developing-country debt has yet to be focused on specific, feasible policy changes to reduce financial pressure on heavily-indebted middle-income countries.

The voices of developing-country NGOs are among those that need to be heard in national discussions of economic policies, and developing-country NGOs might then also help to mobilize the required nationwide effort. NGOs can also carry out adjustment-related social programs and help low-income groups take advantage of the new economic opportunities which adjustment opens up. We appreciate what the NGO Working Group is doing to help organize one or two country-level NGO consultations on adjustment.

Structural Transformation ?

The NGO Working Group Position Paper calls for "structural transformation", but we are not clear what this really means. Have any countries tried this "alternative development model" and succeeded? Which are they?

In talking about "structural transformation", the Position Paper lists broad development objectives — meeting domestic needs, environmental and economic sustainability, and the well-being of the poor. We agree with these objectives, but would also cite economic growth as an important objective. We support the aspirations of the developing countries for higher incomes generally. While some countries have achieved economic growth with relatively little improvement for the poor, no country has achieved substantial reductions in poverty without economic growth.

What is lacking in what the NGO Working Group says about "structural transformation" is clarity about how countries should deal with resource constraints. In particular, if governments devote less attention and investment to exports and more to production for the domestic market, how should they handle the concomitant decline in imports and resulting scarcities?

The tension is most obvious for heavily indebted countries. Should heavily indebted countries make less efforts to meet debt service obligations? For some countries that have no hope of recovering creditworthiness, the answer is yes. But for many heavily indebted countries, the costs of further disrupting relations with commercial creditors are likely to be even higher than the costs of trying to maintain debt-service payments.

At one point in the Position Paper's discussion of adjustment, it acknowledges that indebted countries need to deal with macroeconomic imbalances, and that fiscal deficits and overvalued exchange rates are often bad for the poor. Yet the Position Paper criticizes various types of cut-backs in government spending, counsels moderation in currency devaluation, and recommends caution in the development of exports. Is the implied recommendation simply that changes to correct macroeconomic imbalances should be undertaken more slowly? This would require additional finance from the industrial countries, vested interests are often able to block adjustment programs that unfold gradually, and the benefits of economic reform

would be delayed. Or is "structural transformation" likely to include a permanent intensification of government regulation (notably price controls and import licenses) to cope with macroeconomic imbalances? This alternative leads to gross and growing inefficiencies, inequities, and corruption.

We agree entirely that structural adjustment is not enough. The measures that are typically included in adjustment programs are designed to reestablish financial stability and broad-based growth. But stability and growth only set the stage for many other activities which are also vital aspects of economic and social development. The Bank's recent report on long-term issues in Africa, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, stresses the importance of efforts to improve social welfare, investments in people, effective institutions, environmental protection, and accountable government. The Bank supports many of these activities through its normal projects, and we look to others to work in some areas where we are not involved.

The World Bank, like many NGOs, is working for the elimination of mass poverty, widening choices for people generally, and the protection of our fragile planet. This will require major changes — indeed, a transformation of development as we now know it. But most developing countries are confronted with very difficult resource constraints, and it is counterproductive for the NGO Working Group to suggest that there is some idealistic "alternative approach" without clearly defining it.

Agriculture

A Bank-led cross-country review of agricultural development in Africa (summarized in Uma Lele's *Aid to African Agriculture: Lessons from Two Decades of Donor Experience*) demonstrates how powerfully overvalued exchange rates discriminate against rural areas and retard development generally. It indicates that countries which have maintained relatively undistorted exchange rates and made adequate public investments in agriculture have achieved higher growth rates for both agriculture and industry and greater progress against poverty. Kenya stands in contrast to Tanzania, for example, and Cameroon to Nigeria.

The Position Paper argues for more attention to food crops, especially those grown by subsistence farmers for their own consumption. The Bank agrees that more attention needs to be paid to food crops and, for example, is actively supporting agricultural research along these lines. But we favor the development of cash crops, too.

The International Food Policy Research Institute recently completed a comparative analysis of how the increasing commercialization of subsistence agriculture has affected consumption and nutrition in six countries of Africa, Asia, and Latin America. They found that some households have been adversely affected by commercialization (tenants who became landless laborers during a rapid expansion of sugar cane production, for example), and women's control over cash-crop income was consistently less than men's. But in all six countries, commercialization raised both incomes and food consumption in general. In all six countries, smallholders continued to grow subsistence crops along with the new cash crops to insure themselves against the risk of commercialization.

A more important factor contributing to poverty and hunger in rural areas is that agriculture in general has been

neglected. The prices paid to farmers for food crops have been held down to benefit urban consumers, and the prices paid to farmers for export crops have been held down by heavy government taxation and overvalued exchange rates. Public spending on infrastructure and services is much lower in rural areas than in urban. In general, those countries which have done relatively well in export crops have also done well in food crops, because public policies have been supportive of agriculture generally. In Ghana, for example, the shift to more outward-oriented policies has led to a revival of the cocoa industry, and there also has been a sharp upswing in coarse grain production.

It is important to distinguish between food security and national self-sufficiency in food production. If countries — and poor people within countries — have sufficient income, they can almost always buy food. Producing all your own food doesn't always make sense (clearly not in the Gulf countries, for example). For a full discussion of these issues from the Bank's perspective, see *Poverty and Hunger: Issues and Options for Food Security in Developing Countries* (1986).

The Position Paper rightly highlights the problem of low prices for agricultural commodities. Intensified export efforts in the developing countries have contributed to the persistence of low commodity prices, but there are also more important causes. Among these are changing tastes and technologies in the industrial countries. Subsidies and protection for agriculture in the industrial countries are also quite important, and progress against this aspect of the problem is subject to policy decisions in the industrial countries. The poor price prospects for commodities also argue for continuing efforts by developing countries to diversify their exports, a process in which many developing countries have already achieved considerable success.

Finally, the Position Paper says repeatedly that the Bank should support land reform, in some countries as a condition of adjustment lending. The Bank does sometimes support land reform. Practical progress on land reform is a primary condition for some \$ 2 billion in Bank investment in rural development in Northeast Brazil, for example. But land reform is always politically difficult (even more so than the most controversial measures that feature in typical adjustment programs). Social upheaval in the wake of the Second World War allowed Japan, China, and Korea to achieve successful land reform, but there has not been a clearly successful instance of radical land reform since. Some governments have addressed the problem through improvements in land titling, resettlement programs, or increased land taxation, and the Bank is supporting efforts along these lines in a number of countries. This less direct approach can be effective in achieving significant change in ownership patterns and, at the same time, increase agricultural productivity.

Industry

The Bank does invest, as the Position Paper recommends, in industrial production for the domestic market and, more specifically, for agro-processing. But the Position Paper seems to be arguing (on page 5) for import restrictions to protect local industries. Most developing countries that have built up industries on the basis of import restrictions have ended up with capital-intensive industries that never become competitive. These industries generate relatively little employment, sometimes cost the

country more foreign exchange than they earn, and charge domestic consumers high prices for low-quality goods.

Where large, inefficient industries already exist, the Bank often favors what the Position Paper suggests - a gradual reduction of protection over a period of time, coupled with efforts to make these industries more efficient.

The Position Paper implies that the Bank finances many free trade zones. We have seldom financed free trade zones. In general, they are a weak substitute for policies which encourage the development of internationally competitive manufacturing generally.

Urban Problems

Government employment and services are concentrated in urban areas, so government cut-backs have affected urban areas disproportionately. The NGO Position Paper rightly calls attention to the hardships this has entailed in many cities. The Position Paper alludes to some Bank-funded efforts to generate productive urban employment and strengthen municipal governments. NGOs and some bilateral agencies are often better suited to develop microenterprise support programs, but the Bank is also supporting the informal sector in some countries.

It is important to remember, however, that the urban prosperity of the past was built partly on systems which extracted resources from rural areas for relatively unproductive urban uses. Through distortions in prices and public investment, governments have biased development toward the cities, especially toward the urban middle-class. These distortions have been economically inefficient as well as unfair, and their reduction is crucial to both renewed growth and to a more equitable pattern of growth.

In Zambia, for example, copper revenues allowed for years of massive subsidy to urban areas. As a result, more than half of Zambia's population lives in cities, and a significant share of Zambia's agricultural land lies idle. Copper prices have boomed recently, after a period of depression. But the end of Zambia's copper reserves is impending. Eventually, Zambia will be compelled to increase production in other sectors, mainly agriculture. Zambia cannot continue to subsidize its cities indefinitely. The longer this adjustment is delayed, the more brutal it will be when it can no longer be avoided.

We find it odd that the NGO Working Group's discussion of the urban economy is completely silent about the urban bias that has characterized many developing countries.

Adjustment and Women

Women bear a disproportionate share of the burden of poverty, and most development planning (also among NGOs) gives too little attention to women's distinctive needs. Most of the problems of low-income women long predate adjustment programs, but the Position Paper is right to argue for more attention to how women are affected by economic crisis and adjustment.

If a country fails to adjust and thus flounders through repeated financial crisis and economic decline, poor people suffer acutely, and women often bear a disproportionate share of the burden. An anthropological study in Guayaquil showed that declining family incomes have compelled more low-income women to work as maids and street vendors. Many teenage girls are required to fill in for their

mothers in the care of children and other domestic tasks, often interfering with school attendance. Economic pressures may have also led to a greater incidence of wife-beating and marital break-down.

But the changes needed to revitalize a declining economy can also be disruptive, and low-income women have special problems in adapting because of cultural limitations and their heavier house and family obligations. African women are usually responsible for food production and benefit less than men from higher prices for cash crops. The Position Paper is also right that price changes have sometimes failed to achieve increased production for lack of complementary efforts to help small-scale producers respond.

The Bank is devoting increased attention to gender issues in project design and in its policy dialogue with governments. Gender issues are analyzed in all project appraisal reports, and one-fifth of the projects approved in the Bank's last fiscal year feature specific women-in-development recommendations.

Environment

Over the past few years, environmental NGOs have helped to awaken the world — and the World Bank — to the importance of environmental issues in the developing countries. The Bank has taken great strides to modify projects that were rightly criticized on environmental grounds and is putting considerable emphasis on environment in current operations. The Bank is engaged in a major program of country-level environmental studies, and more than a third of the projects it approved last fiscal year included significant environmental components. The Bank detailed its current work on environmental issues in a report it prepared for the last meeting of the Development Committee (*World Bank Support for the Environment: A Progress Report*).

The Bank has long assessed the poverty impact of many projects, and it has periodically reviewed the poverty impact of its total lending program. The Bank recently adopted a new policy that will require detailed assessment of environmental and related social impacts for all Bank-financed projects with important environmental issues. This will significantly affect planning for roughly a fourth of all Bank-financed projects, including most of the large infrastructure projects (such as dams and highways). As one aspect of this new policy, the Bank expects borrowing member governments to consult with affected groups and local NGOs about these projects early in the planning process and intermittently throughout project implementation. This is an ambitious policy, and we hope that local NGOs will rise to the opportunity and help us make environmental assessment of Bank-financed projects effective.

NGOs can also help to strengthen understanding of the context for developing-country efforts to address environmental issues. First, people in the industrial countries who are concerned about environmental problems should realize that their own countries are responsible for the bulk of global environmental problems. Second, efforts to protect the natural environment in the developing countries must proceed hand-in-hand with efforts to reduce poverty. Third, rapid population growth is a major cause of environmental, social, and economic problems in many developing countries. We are disappointed that the NGO Position Paper,

which ranges over so many topics, never mentions the population issue.

The Bank and NGOs

The Position Paper's preamble summary of the Santo Domingo Consensus Conclusions overstates what the Bank's representatives agreed there, but the NGO-Bank Committee's meeting in Santo Domingo was a turning point in NGO-Bank relations. Since that time, the World Bank has reached out to learn about and work with NGOs more than ever before. The Bank has been encouraging developing-country governments to encourage and work together with NGOs, and NGO involvement in Bank-financed projects is increasing rapidly. Meanwhile, discussions between NGOs and the Bank have led to significant changes in the thinking and practice of the Bank and its member governments on a number of development policy issues. Our assessment is that increased NGO involvement in Bank-financed activities is, in general, contributing to development effectiveness, especially on social and environmental aspects of development.

The Position Paper urges the Bank to involve NGOs in shaping policies and plans, not just in implementing Bank-financed programs. We listened to that recommendation from the NGO Working Group when the NGO-Bank Committee met in Santo Domingo, it has been a major thrust of the Bank's policy toward NGOs, and there have been significant changes in this regard in Bank-supported operations. The first draft of the Position Paper was pieced together from papers that members of the NGO Working Group had prepared for past meetings of the NGO-Bank Committee, and this section in particular needs to be updated to take into account the extent to which the Bank has already drawn on past discussions of the NGO-Bank Committee. This section of the Position Paper even includes a couple of paragraphs about the experience of one NGO member of the Committee as a consultant to the Bank in the 1970s.

The Committee NGOs' thinking about how to develop relationships between the Bank and NGOs at the regional and country levels seems to have changed a bit. When the Committee met in Santo Domingo in 1987, some of them criticized what the Bank had done to organize meetings with NGOs together with government officials. They argued that it would be better to let NGOs take the initiative in organizing meetings at the country and regional level, so that they would be better able to protect themselves from official manipulation. We have appreciated what Committee NGOs have since done to arrange for such meetings, and the Bank has been consistently supportive of such efforts. But this process has been slow and limited to a few countries, so Bank staff have taken most of the initiative in the growing interaction between the Bank and NGOs. We highlighted this shift from the Santo Domingo strategy when the NGO-Bank Committee met in Washington in 1988, and several of the NGOs on the Committee said that we should not be particularly concerned that NGO initiative in developing the NGO-Bank relationship was less than we had all hoped. In the Position Paper they are now urging the Bank to take even more of the initiative in setting up contacts and meetings. Given the history of the Committee's discussion, the Position Paper's sharply critical tone seems especially inappropriate on this point.

Popular Participation and Access to Information

The NGO-Bank Committee discussed popular participation in development decisions at its November 1989 meeting. The Bank's paper for that meeting documented the limited, but growing experience of the Bank with popular participation in Bank-financed projects. It noted that there are relatively few successful cases of large-scale, official participatory programs in the developing countries generally. A number of the NGOs on the Committee have considerable practical experience with participatory approaches and stressed the difficulties and complexities involved. The Position Paper, on the other hand, lays out the objective of popular participation — which we also share — in a glib and dogmatic way.

The Bank's effectiveness depends on its relations of confidence with member governments. Most governments, including many democracies, have internal decision-making processes which are not open to the public. Most NGOs do too. But there is considerable evidence that development projects can be improved through public debate and especially through consultation with affected communities.

Partly based on discussions of the NGO-Bank Committee, the Bank has taken several steps over the last year to make more information about Bank operations publicly available. These steps do not go as far as many NGOs would wish, but they are more significant than the Position Paper indicates. Specifically, the Bank's policy guidelines to operational staff are being made available to all interested parties, and procedures have been established to allow for the release of many internal reports if the government involved does not object. The Bank's *Monthly Operational Summary* now publicly flags environmental and related social issues for all the projects being prepared for Bank financing.

The principal responsibility for informing people about official development plans rests with governments, and the

main step we have taken in this area is to highlight the importance of public participation in the Bank's new policy regarding environmental assessment. Under this policy the Bank will urge and assist governments to consult with affected communities and local NGOs in the planning and implementation of all Bank-financed projects that raise major environmental issues.

Balance and Tone

The Position Paper has almost nothing positive to say about national governments or about markets and commercial enterprise. Governments and market-regulated commerce both have their limitations, and NGOs represent what some have called a "third sector". But governments and economic markets clearly play essential roles in development, and the Position Paper would be stronger if it would be less relentlessly negative about them.

The Position Paper mentions in passing that NGOs do not have all the answers and that they have some insufficiencies. But the Paper would be stronger if it would devote more space to assessing NGO performance. NGO networks bear significant responsibilities. They have political influence and together transfer \$ 5.5 billion to the developing countries annually (\$ 2.2 billion of which comes from industrial-country governments). More discussion of how NGOs themselves need to change might suggest ways that NGOs and other types of institutions (including the Bank) might complement one another.

Finally, we appreciate the passion for justice that pervades the Position Paper, but find little tolerance for the frailties and complexities that characterize even the most well-intentioned human efforts. The Position Paper echoes old debates and stereotypes in a shrill tone, at a moment when many nations and institutions are breaking from the patterns of the past and forging new possibilities.

March 13, 1990.

Cooperation between the World Bank and NGOs : Recent Progress*

Background

The World Bank's basic objectives are the reduction of poverty and the acceleration of growth in developing countries. In recent years, these objectives have together been described as the pursuit of sustainable development, when melded with concern for population growth and the environment.

In enunciating these aims for the Bank, President Barber B. Conable has emphasized its fundamental goal to help the poor. At the September 1989 Annual Meetings of the World Bank and the International Monetary Fund, he said:

"The Bank spends a great deal of time analyzing economic statistics and worrying about macroeconomic performance. But, in the end, we know that what we are dealing with is people, not statistics. Unless the quality of life of individual poor people is improved by what we do, no amount of statistical analysis or macroeconomic planning will justify our work."

The Bank has found that nongovernmental organizations (NGOs) often provide an important resource to help achieve improvements in the quality of life of poor people. As a result, over the past several years the Bank has been working closely with developing — country member governments to expand the involvement of NGOs in Bank-supported activities. In 1989 a major increase in such activity was achieved.

This article is substantially the same as the seventh annual progress report prepared by the Bank's central NGO staff in the Strategic Planning and Review Department, International Economic Relations Division (SPRIE). That report was discussed in draft at the November 1989 meeting of the NGO-World Bank Committee in Bangkok, Thailand. The first section describes important developments in the involvement of NGOs in Bank-supported operations and the lessons drawn from experience. It also reports on steps taken by the Bank to facilitate increased involvement, while at the same time remaining sensitive to member government concerns about the proper role for NGOs in their countries. Another important aspect of Bank-NGO relations, described in the second section of the report, is the policy discussion on development issues and strategy that has occurred, partly through the NGO-Bank Committee. This section provides a summary of the Com-

mittee's discussions at its recent annual meeting in Bangkok. Finally, the report briefly notes recent experience in development education, an important subject to both NGOs and the Bank.

NGO involvement in Bank-supported operations

Lessons of Experience

The Bank began a systematic effort to expand NGO involvement in Bank-supported operations at the start of 1988. Yet the Bank had been gradually accumulating experience with NGOs since at least the mid-1970s. In 1989 two Bank staff, Lawrence Salmen and Paige Eaves, completed a retrospective review of NGO involvement in Bank-financed projects entitled *"Between Public and Private: A Review of Non-Governmental Organization Involvement in World Bank Projects."* Salmen and Eaves identified about 200 cases of NGO involvement in Bank-supported projects approved between 1973 and 1988. These cases represent about five percent of the Bank's projects during that period.

Nearly half of the NGO-related projects were in the agricultural sector, and nearly 80 percent were from Africa or Asia. NGOs were involved far more during implementation than design. Service provider/intermediary and contractor NGOs were the types generally involved in Bank project work. Salmen and Eaves found that NGO involvement often proved to be fruitful. Yet they noted that the Bank and governments often involved NGOs in Bank-financed projects as if the NGO were a commercial contractor or consultant. Their study urged intensified efforts to familiarize Bank staff with NGOs, so that new collaboration initiatives more fully tap NGOs' distinctive capacities to consult with project beneficiaries and, in other ways, mobilize social energies.

The Bank has accumulated significant experience with NGO involvement in Bank-financed projects throughout the project cycle. At the identification and design stage, local NGOs have sometimes helped official planners better understand the needs and desires of a project's intended beneficiaries. For example, the Bank's First Education Project in the Yemen Arab Republic had little impact at the community level because it was planned and implemented without adequate assessment of rural community needs. A follow-up project was successful because it drew the

* Report issued by the World Bank.

country-wide network of Local Development Associations (community-based NGOs) into curriculum development, project identification, and then implementation.

An important share of the Bank's past experience with NGOs in project implementation has been with cooperatives and other farmers' groups in agriculture projects. According to the Salmen and Eaves retrospective, one fifth of all the Bank-financed projects with NGO participation between 1973-88 involved cooperatives. Most of these projects were in African agriculture, where the experience has been mixed.

Nearly all Bank-financed population and health projects now engage NGOs as partners in the delivery of services. The strength of NGOs' service delivery capability became evident during the Trinidad and Tobago Population Project. Bank resources had been channeled entirely through the public sector. By the end of the project, Trinidad's private family planning association, with only two clinics, had recruited half as many new family planning acceptors as all the public sector's clinics combined.

In the Bank's experience, international consulting and contracting NGOs have generally performed well and cost less than private commercial agencies. In the Second Liberia Education Project, CARE, a U.S. NGO, constructed primary schools at a cost estimated to be 30 percent less than for-profit contractors. CARE's road construction in Sierra Leone's Eastern Integrated Agricultural Project was expensive, but primarily because CARE refused to compromise on quality to reduce costs.

Few Bank-financed projects have deliberately designated an NGO to assist in monitoring project progress or evaluating results. Nevertheless, in the course of carrying out their management and technical assistance contracts, NGOs have sometimes provided periodic evaluations to project administrators. In the Mali Health Development Project, for example, a Belgian NGO played an exemplary role in monitoring the implementation of a health service fee and cost recovery program. The NGO's periodic evaluations examined not only the volume of receipts and trends, but also the relationship between the cost of drugs and the viability of the cost recovery system. Furthermore, the NGO attempted to assess the impact of cost recovery on the willingness of poor mothers to attend health clinics. A less orthodox but often dramatic expression of NGO "monitoring" has been the role some human rights, environmental and policy advocacy groups have played in involuntary resettlement. A recent example concerns the Ruzizi dam on the Rwanda-Zaire border. A Zairean NGO pointed out that actual compensation and the extent of resettlement were at odds with appraisal estimates. Failing to get redress on behalf of those affected, the Zairean NGO contacted OXFAM (United Kingdom) which, in turn, entered into a constructive exchange with the Bank. An in-depth investigation was carried out by an independent consultant and, based on his recommendations, the Bank is now pressing the issue with the Zaire government and the project entity.

Of the project completion and performance audit reports which the Bank did over the last year, 12 discussed NGO involvement. These reports on completed projects again demonstrated the importance of beneficiary participation in the early stages of project planning. They also showed, as did the completion reports analyzed for last year's progress report, that the behavior of beneficiary organizations is seldom correctly anticipated at appraisal. In the social forestry projects of Gujarat and Uttar Pradesh, for example, the community woodlot components were unsuccessful, mainly because villagers' viewpoints were

not taken into account sufficiently in the projects' design. Similarly, the cooperative improvement component of the Indonesia Second Transmigration Project was not as successful as expected, in part because the transmigrants came from different communities and were not given enough time to develop mutual trust.

These recent reports on completed projects also showed, however, that grassroots groups sometimes play a larger role than was envisaged at the design stage. In the Mali Sud Agricultural Project, a network of village associations emerged to take on local responsibility for distribution of project inputs and for marketing of cotton. The network has today assumed a broader role at the village level by investing its profits in community health and social services. In the Gorgol Noir Irrigation Project in Mauritania, the implementing agency helped establish pre-cooperatives, a development that was not originally planned. Although the project itself suffered from cost overruns, the pre-cooperatives have become viable institutions and are now poised to take over the functions of the project directorate.

Recently Approved Projects

When the Bank's management began systematically encouraging work with NGOs at the start of 1988, some Bank staff and NGOs were skeptical about how serious the Bank's effort would be. But there is no longer any doubt that significant change has taken place. Of the 225 projects approved by the Bank's board in FY89, 49 projects in 25 countries involve NGOs. Over the last 15 years, the Bank has involved NGOs in an average of about 14 projects per year. In FY88, the number was 21. This sharp increase in FY89 may have been partly due to fuller reporting, but there has clearly also been substantial expansion.

As suggested by Table 1, "Patterns in World Bank-NGO Collaboration," this year's NGO-related projects continue patterns of the past in some ways. The bulk of NGO involvement in Bank-financed projects is still in Africa and Asia. Agriculture remains the sector in which NGOs are most frequently involved, followed by population and health. There are seven cases in urban development this year, so the absence of urban cases noted in last year's progress report seems to have been a one-year aberration.

Some new trends are also evident. Most of the NGOs involved in Bank-financed projects now are grassroots or national NGOs, a shift from the predominance of international NGOs among the cases of NGO involvement that were reported historically. The Bank is funding a growing number of environmental projects, some of which involve NGOs. Also, NGO involvement in adjustment-related projects increased in FY89, after appearing for the first time in the previous year's sample of cases. The mechanism for NGO involvement in most of these projects is modeled after the Bolivia Emergency Social Fund, in which an autonomous project authority finances subprojects proposed by NGOs and other community-based organizations. Under the Guinea Socio-Economic Development Project, for example, the government has established a Fund for the Assistance of Local Initiatives to transfer US\$ 6 million in grants directly to NGOs for small-scale rural development subprojects.

There are a growing number of mechanisms for financing NGO activities in other types of projects as well. The first freestanding NGO project financed by the Bank - Togo's Grassroots Development Initiatives Project - was approved in FY89. The Government of Togo, supported by the International Development Association (IDA), the Bank's concessionary loan affiliate, will provide grant financing of US\$3 million to community-based development

Table 1 : Patterns in World Bank-NGO Collaboration

| Regions | 206 Cases 1973-1988 | | 49 Cases 1989 | |
|-----------------------------------|------------------------|------------|--------------------|------------|
| | No. of Projects | Percent | No. of Projects | Percent |
| Africa | 116 | 56 | 29 | 59 |
| Asia | 47 | 23 | 9 | 18 |
| Latin America, Caribbean | 27 | 13 | 8 | 16 |
| Europe, Middle East, North Africa | 16 | 8 | 3 | 7 |
| Totals: | 206 | 100 | 49 | 100 |
| Sectors : | No. of Projects | Percent | No. of Projects | Percent |
| Agriculture/rural development | 90 | 43 | 16 | 33 |
| Environment | 2 | | 2 | 4 |
| Education/training | 20 | 10 | 4 | 8 |
| Population/health | 25 | 11 | 11 | 22 |
| Industry/energy | 22 | 11 | 4 | 8 |
| Infrastructure/urban development | 42 | 23 | 7 | 14 |
| Relief | 3 | 2 | 2 | 4 |
| Adjustment-related programs | 2 | | 3 | 7 |
| Totals: | 206 | 100 | 49 | 100 |
| Types of NGOs: | No. of Projects | Percent | No. of Projects | Percent |
| Grassroots (a) | 61 | 16 | 28 | 38 |
| National (a) | 77 | 28 | 27 | 36 |
| International | 104 | 56 | 19 | 26 |
| Totals: (b) | 242 | 100 | 74 | 100 |
| Functions: | No. of Projects | Percent | No. of Projects | Percent |
| Advice | | | | |
| Design | 73 | 31 | 4 | 7 |
| Implementation | 29 | 12 | 12 | 22 |
| Evaluation | 149 | 53 | 34 | 63 |
| Cofinancing | 1 | | 2 | 4 |
| Totals: (b) | 263 | 100 | 54 | 100 |

(a) Grassroots groups are organizations of poor people. National groups are other indigenous NGOs.

(b) Exceeds number of cases, because NGO involvement in one case sometimes falls into more than one category.

projects design and implemented by NGOs and their beneficiaries. In the National Sericulture Project in India, the Central Silk Board will administer a fund to support NGO operations in sericulture. In the Parana State First Land Management Project in Brazil a Soil Conservation Fund will make grant funds available to microcatchment associations for on-farm soil conservation subprojects.

Another trend is increases NGO involvement at the design stage of Bank-supported projects. NGOs were involved in the planning and design of nearly a quarter of this year's 49 cases, while they were involved at the planning stage in only three of last year's 21 cases. The Mexico Water, Women and Development Project developed, for example, from a series of informal meetings by community women's groups to discuss water supply problems. The International Union for the Conservation of Nature, a Swiss NGO, helped design the Sri Lanka Forest Sector Development Project. The Burundi agriculture Services Project provides for consultancies by local NGOs to help adapt exten-

sion to the specific problems of women farmers. An Indian NGO, MYRADA, is helping to plan and prepare for the resettlement required for the Upper Krishna Program.

The Bank is also working in some countries to strengthen the relationship between the NGO sector and government. One objective of the Philippines Health Development Project is to promote collaboration among the Government, local communities, and NGOs. The Lesotho Population project aims at reducing disparities in coverage and improving coordination between the Ministry of Health and the Private Health Association of Lesotho, an association of NGOs that together provide 45 percent of all health services in the country.

In Guatemala, and more recently in Honduras, the Bank has helped bring government and NGOs together in common forum to explore complementarities and strengthen coordination in assisting the poor. Similarly, the Bank helped the Government of the Central African Republic to host a Washington meeting with U.S. NGOs. The purpose

was to invite more U.S. NGOs to come to the C.A.R. The Government explained its policies toward NGOs, a few U.S. NGOs that are already working in C.A.R. discussed their experience, and several international agencies outlined possibilities for NGO involvement in their programs.

In some countries, the Bank is working with government officials to help establish public policies and institutions that are conducive to effective NGO contributions to national development. Under the People's Democratic Republic of Yemen Second Health Development Project, the Government plans to issue guidelines on how "mass organizations" can support activities in rural health. In connection with Nigeria's Second Multi-State Agriculture Development Project, the State of Niger will develop appropriate policies for the formation of water users' associations. In one or two countries, however, the attention which official donors and international institutions are giving to NGOs may have provoked tightened government regulation of NGOs.

Five of this year's cases include components for women's participation. Both intermediary NGOs and women's users' groups are involved. Credit for productive activities is another focus of Bank-NGO cooperation, particularly the formation of mutual guarantee schemes, often among women. For example, Ghana's Private Small and Medium Enterprise Development Project will support a pilot mutual guarantee scheme to bridge the gap between formal banking institutions and microentrepreneurs, with assistance from Women's World Banking-Ghana.

Finally, the Bank is increasingly paying attention to NGOs in its analytical work on country and sector issues. This is one way to bring NGO issues into the Bank's policy dialogue with member governments, and should also strengthen the Bank's base of understanding for involving NGOs in project planning. During the year, the Bank published a report on poverty in Nepal which documents NGO contributions and suggested steps by which Government, official donors, and NGOs themselves could enhance NGO effectiveness. The Bank also completed a report on NGOs in Colombia; it focused on microenterprise programs. Significant discussions of NGOs are being included in various Bank country studies, including Chad and Indonesia.

Systems to Facilitate the Bank's Work with NGOs

The Bank has taken a number of steps this year to foster NGO involvement in Bank-supported activities. In September 1989, the Bank issued Operational Directive (OD) 14.70, "Involving Nongovernmental Organizations in Bank-Supported Activities", as part of its ongoing effort to rewrite all of its Operational Manual Statements (OMSs). OD 14.70 is nearly identical to the earlier OMS on NGOs, except that it makes more explicit that the Bank's primary relationship is with governments.

As part of the Bank's overall effort to improve staff skills, training courses on collaboration with NGOs were organized in March and October 1989. The role of NGOs also figured in staff training courses on the nongovernmental delivery of public services, reducing the social costs of adjustment, and women and education.

The Bank's "NGO office" in SPRIE (Strategic Planning and Review Department, International Economic Relations Division) continues to help operational staff in identifying NGO partners and in designing NGO components of projects. SPRIE's NGO resource center now includes a date base with information on 5,300 NGOs; over 400 NGO directories; a computerized NGO consultants roster; a technical dossier containing models of mechanisms for

working with NGOs; and a collection of NGO files by organization, country, and sector. In order to help Bank staff tap the local knowledge of developing-country NGOs, arrangements have been made that allow the Bank to use several industrialized-country trust funds to hire developing-country NGOs as consultants.

SPRIE also helps NGOs understand how to approach the Bank. The International Cooperative Alliance (ICA), based in Geneva, sent its former president to work for two months with SPRIE to advise the Bank, ICA, and other, cooperative development organizations on how to strengthen the Bank's work with cooperatives. SPRIE also made a special effort this year to help volunteer-sending organizations (notably CUSO (Canada), DED (Federal Republic of Germany), Peace Corps (United States), SNV (Netherlands), and VSO (United Kingdom)) relate their efforts to Bank-financed projects. SPRIE maintains an internship program (now assisted by CIDA (Canada)) which has brought people for fixed-term assignments at the Bank from NGOs in Canada, Germany, Japan, India, and Ghana.

Based on information received from the Bank's regional offices, a List of World Bank-Financed Projects with Potential for NGO Involvement is prepared regularly. It now includes 220 upcoming operations in which Bank staff see potential roles for NGOs. This list is widely distributed to NGOs. The Bank's *Monthly Operational Summary*, which notes all projects which are being prepared for Bank financing, is sent to a smaller number of interested NGOs around the world.

The Bank would appear to be particularly well-placed to advise governments on public policies and institutions to encourage effective NGO contributions to development. But there has been little cross-country research in developing countries on which to base recommendations. The Institute for Development Research in Boston has done a paper for the Bank on the role of voluntary organizations, and it outlines possible research on the public policy environment for NGOs in developing countries.

The Bank does not normally provide grant financing directly to NGOs. However, the Bank's Special Grant Program does fund selected programs that are implemented by other agencies. One of these is a program of support (US\$ 500,000 last year) to the International Planned Parenthood Federation (United Kingdom) and other NGOs to strengthen population NGOs in sub-Saharan Africa. A recent evaluation showed that this program has been instrumental in fostering government-NGO cooperation in family welfare programs. Last fiscal year, the Bank also allocated US\$ 150,000 to the Swedish Savings Bank Association to carry out credit and savings programs among poor women in sub-Saharan Africa.

Policy dialogue

In the changing environment of the 1980s, NGOs have helped to focus attention on poverty and increase emphasis on environmental issues within governments and official development institutions, including the Bank. The rapid expansion of collaboration between NGOs and the Bank has taken place in this context. Most of it has been at the country or project level, where NGOs are playing an increasingly prominent role in the planning, as well as in the implementation, of Bank-supported official programs. At both the international and country levels, consultations which bring NGOs together with Bank staff are now commonplace. The views expressed by NGOs range widely over the full spectrum, sometimes including vocal criticism of the Bank or of government programs in which the Bank is involved.

This section outlines discussion between the Bank and NGOs, in the NGO-Bank Committee and in other fora. It highlights growing attention to questions of access-to-information and popular participation in development decisions. It also briefly describes the External Grants Program, which supports dialogue on a wide variety of development issues of interest to the Bank.

NGO-World Bank Committee

The NGO-World Bank Committee provides an ongoing international forum for policy discussion between the Bank and NGOs. From the NGO side, the Committee now comprises 26 NGO leaders from many countries and various types of NGOs. They serve for fixed terms, with new NGO members elected by the existing NGO membership. While most NGOs that interact with the Bank tend to focus on a specific project or issue, Committee NGOs taken a broader interest in the Bank's overall relationship with NGOs, especially in their own country or region. The Committee NGOs from India and Zimbabwe, for example, helped establish national NGO-Bank consultation committees in their countries. When the NGOs on the Committee meet by themselves, they are called the NGO Working Group on the World Bank.

The NGO-Bank Committee's ninth annual meeting was held October 31-November 1, 1989 in Bangkok. In the past, most NGOs on the Committee were based in industrialized countries, but three-fifths are now from developing countries. In Bangkok the NGOs elected their first developing-country NGO Co-Chair, Enrique Fernandez (head of SOLIDARIOS, a federation of Latin American NGOs based in the Dominican Republic). The Bank Co-Chair, Alexander Shakov (Director, Strategic Planning and Review Department) started the meeting with an overview of current Bank thinking on major development issues, drawing particularly on key features of Mr. Conable's address to the 1989 Bank/Fund Annual Meetings.

Many NGOs are convinced of the need for an *alternative approach to development* to overcome the development set-backs of the 1980s and growing environmental problems. The Committee NGOs presented several papers on this theme, including a position paper which attempts to sum up what they have been saying to the Bank on adjustment and other issues over the last several years. Their position paper argues that an export-oriented model of development is at the root of the debt and development crisis of the 1980s, and they see the Bank as a major promoter of this flawed model. They say that the industrial countries should bear much more of the burden of adjustment. The NGO paper also urges that developing countries go beyond adjustment to "structural transformation" shifting to a new development approach that places priority on domestic needs, sustainability, the well-being of the poor, and democracy.

There was a spirited debate about the content and the tone of the report. Bank members expressed strong reservations about the approach presented and the fact that no prior consultation had taken place. While NGO members emphasized their commitment to the report's conclusions, they indicated their intention to make some revisions to the text in light of preliminary Bank comments and to place it on the agenda for a fuller discussion at the next meeting.

The second main theme of discussion in Bangkok was *popular participation in development decisions*. Several reviews of Bank-financed projects (by the Operations Evaluation Department and others) have shown that beneficiary participation is important to the success and sustainability of some types of projects. Yet there have been rela-

tively few cases of effective consultation with beneficiaries among Bank-financed projects. Indeed there have not been many successful, large-scale, and officially sponsored participatory programs in the developing countries generally. Some NGOs have had considerable experience involving low-income beneficiaries in the planning of their projects, but normally on a small scale.

Environmental NGOs have for some time been urging the Bank to make more information about Bank-supported activities public. At last year's meeting, the Committee NGOs picked up this theme, stressing the need to get information about projects to directly affected communities. Without compromising its relation of confidence with member governments, the Bank has over the last year taken several steps in this direction. The Bank's Operational Directives are now available to interested parties. Projects that pose major environmental issues will be flagged in the Monthly Operational Summary. Also, the Bank has adopted procedures for the release of country economic, sector, and project appraisal reports when country officials and the Bank's own country directors agree. Furthermore, the Bank has instituted a new procedure for more rigorous environmental assessment of projects, and the Bank expects that consultations with affected groups and local NGOs will feature in this process.

Committee NGOs stressed the difficulty and complexity of participatory approaches. They suggested that the Bank's main contributions in this area might be to help government agencies be more open and responsive to groups of poor people and to encourage public policies that protect citizens' freedom to organize. The Bank presented a paper on its own experience and thinking regarding popular participation. This paper also stressed both the importance and difficulty of encouraging affected communities to take part in decisions about large-scale development programs. In subsequent meetings, the Committee will consider ways in which Committee NGOs and the Bank might work together toward popular participation in more Bank-financed activities.

Committee NGOs generally welcome the growing involvement of NGOs in the Bank's operational work, but several cautioned that the Bank should carefully monitor results. They are concerned about the risk that too much official money and attention could do more harm than good to NGOs in some situations. Progress was reported in Bangkok on various operationally related initiatives that were proposed at the Committee's last annual meeting. SOLIDARIOS had organized a consultation between Bank staff and NGOs in the Southern Cone of South America. There have also been preliminary discussions about consultations on poverty and adjustment in two West African countries. In addition, terms of reference for an NGO advisor to be contracted by the Bank's Social Dimensions of Adjustment Unit have been agreed and the process of identifying candidates has begun. Finally, a subcommittee of developing-country NGOs had prepared a report on how some other multilateral agencies fund NGOs directly and proposed World Bank funding of NGOs as a subject for future Committee consideration.

Other Bank-NGO discussions

During the last few years, growing numbers of environmental and social advocacy groups have assembled at the time of the Bank/Fund Annual Meetings. This year, some 150 NGOs were admitted by their governments as visitors to the official Meetings, up from about 60 at last year's Annual Meetings in Berlin. A coalition of environmental and social advocacy groups, including NGOs from both indus-

trial and developing countries, sent representatives to meet with some of the Bank's Executive Directors and several Finance Ministers.

NGOs have been pursuing a variety of issues vis-à-vis the Bank, including : debt reduction; creation of an environment facility; support for debt-for-nature or debt-for-development programs; particular environmentally controversial Bank-financed projects; global warming; the Bank's energy lending policies; the weight of government poverty reduction efforts in the assessment of performance for the allocation of IDA resources; and the social impact of adjustment programs. A broad range of NGOs agree on the importance of increased popular participation in development decisions.

External Grants Program

In addition to the two operational grants to NGOs mentioned earlier, a substantial portion of funding by the External Grants Program (which supports dialogue on development issues of interest to the Bank) went to NGOs. The annual budget of this Program is US\$ 280,000, and the average grant size is \$ 12,000. The Program's main purpose is to build the capacity of developing-country institutions to contribute to the broader discussion of development policy. The number of applications for grants has grown rapidly. In FY89, grants were awarded to, among others, the Asian Forum for Environmental Journalists (Nepal), Association économique de l'Afrique de l'Ouest (Togo), Comité de coordination des Actions ONG du Mali, the Inter-American Indian Institute (Mexico), and the International Institute for Rural Reconstruction (Philippines). The Program also provides very limited support for development education in the industrialized countries, including, for instance, grants to the Centre for World Development Education (United Kingdom) and Youth for Development and Cooperation (Netherlands).

Development education

The Bank recognizes the influence some NGOs have on how the public in industrialized countries understands international development. Thus, the Bank's External Affairs Department works with NGOs in various ways. For example, during the year the Bank's European office in Paris organized meetings between senior Bank managers and heads of NGOs in Austria, Switzerland, Britain, and Germany, as well as major seminars for NGOs in Spain, the Scandinavian countries, and France. In the United States, the Bank organized a briefing for 45 NGOs on the Emergency Social Fund in Bolivia. Together with the Citizens' Network, the Bank cosponsored a briefing for U.S. business and political leaders on agriculture and international development. Bank staff took part in a JANIC-organized meeting in Japan and explored possibilities for collaboration with Japanese NGOs on development education.

The Bank's publications include a line of materials for development education programs. They are designed especially for schools, but are also being used by some NGOs that are active in development education. During the year, the Bank updated and issued a teaching guide for its Development Data Book, which has now sold more than 75,000 copies.

The Bank's main outreach to NGOs has been through its operations in the developing countries. NGOs now feature in many of the projects and other operational activities in which the Bank is involved. As NGOs, governments, and the Bank work together on specific problems at the country level, mutual understanding between NGOs and official agencies at the international level is improving. Gradually, the debate between NGOs and institutions like the Bank is becoming better informed and more sharply joined. Over time, this should provide a better basis for the Bank and NGOs to complement each other's efforts to inform the public in industrial countries about international development issues.

1988

Geographical distribution of international meetings
by continent, country and city
*Répartition géographique des réunions internationales
par continents, pays et villes*

INTRODUCTION

For the past 40 years, the Union of International Associations has undertaken, for the benefit of its members, statistical studies on the international meetings that took place worldwide in the preceding years.

The statistics are based on information collected by the UAI Congress Department and selected according to very strict criteria maintained for the last years, this enabling meaningful comparison.

Meetings taken into consideration include those organized and/or sponsored by the international organizations which appear in the "Yearbook of International Organizations" and in the "International Congress Calendar", i.e.: the sittings of their principal organs, congresses, conventions, symposia, regional sessions grouping several countries, as well as some national meetings with international participation organized by national branches of international associations.

Are excluded from the UAI figures: purely national meetings as well as those of an essential religious, didactic, political, commercial, sportive nature such as religious gatherings, courses, party conferences, fairs, sales meeting, contest etc... are also excluded: meetings strictly limited in participation such as committees, group of experts etc... most of those being held at an intergovernmental level and taking place mainly at the headquarters of the large IGO's in New York, Geneva, Rome, Brussels, Vienna...

This is a typical situation made following the researches compiled by the UAI Congress Department and using the current available information from international organizations.

Explanation of figure: * = ** + ***

* Total of international meetings

** Number of international meetings organised/sponsored by international organizations

*** Number of national meetings with large international participation

INTRODUCTION

Depuis 40 ans, l'UAI a établi à l'intention de ses membres, un relevé statistique des réunions internationales tenues dans l'année écoulée.

Les présentes statistiques reflètent la courbe ascendante du nombre total des réunions internationales et sont basées sur des données recueillies par le Département Congrès de l'UAI et retenues selon les critères spécifiques décrits ci-dessous.

Sont prises en considération, les réunions organisées et/ou patronnées par les associations internationales reprises dans l'"Annuaire des Organisations Internationales" et dans l'"International Congress Calendar", c'est-à-dire: les assises de leurs principaux organes, congrès, sessions régionales (groupant plusieurs pays), symposia, colloques, etc... ainsi que certaines réunions nationales à très large participation internationale, organisées par les branches nationales des OING.

Sont exclues des statistiques: les réunions nationales, cérémonies/manifestations à caractère essentiellement religieux, didactiques (cours), politiques, commerciales (foires, salons), sportif (compétitions, tournois...) ainsi que les réunions très limitées dans la participation ou spécifiques: sessions régulières de comités, groupes d'experts etc... particulièrement nombreuses au niveau inter-gouvernemental; ces réunions se tiennent généralement au siège même des grandes OIG à New York, Genève, Bruxelles, Rome, Vienne...

Il s'agit d'une situation typique, établie sur base des recherches compilées par le Département Congrès de l'UAI.

Explication des chiffres: * = ** + ***

* Total des réunions internationales

** Nombre de réunions internationales patronnées/organisées par des organisations internationales

*** Nombre de réunions nationales à large participation internationale.

Geographical distribution of international meeting by continent, country and city

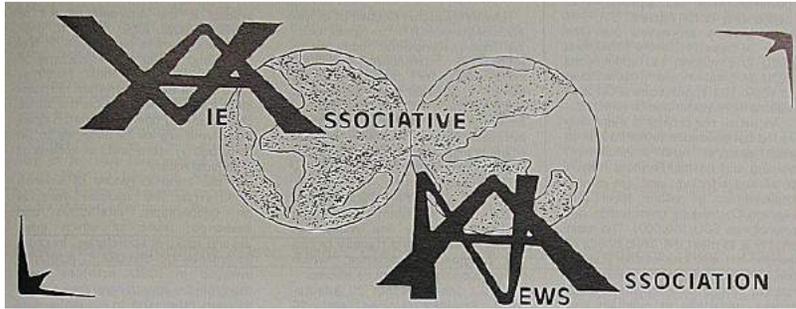
| AFRICA | | | AMERICA | | |
|--|------------------|-----------|----------------|-----------------|------------|
| Algeria | 8- | 8 + 0 | ARGENTINA | 57- | 4 2 + 1 5 |
| Cameroun | 9 - | 9 + 0 | Buenos Aires | 44 - 33 + 11 | |
| Congo (Brazz) | 7 - | 7 + 0 | Others | 13 - 9 + 4 | |
| Côte d'Ivoire | 16 - | 14 + 2 | BRAZIL | 125 - | 8 1 + 4 4 |
| Egypt | 36- | 32 + 4 | Sao Paulo | 27- 17 + 10 | |
| Cairo | 32-28 + 4 | | Rio de Janeiro | 51 - 32 + 19 | |
| Others | 4- 4 + 0 | | Others | 47 - 32 + 15 | |
| Ethiopia | 15 - | 15 + 0 | CANADA | 186- | 136+ 50 |
| Ghana | 8- | 8 + 0 | Montréal | 46 - 36 + 10 | |
| Kenya | 34- | 31 + 3 | Ottawa | 20 - 17 + 3 | |
| Nairobi | 31 - 28 + 3 | | Toronto | 31 - 23 + 8 | |
| Others | 3- 3 + 0 | | Vancouver | 24 - 14 + 10 | |
| Marocco | 19 - | 17 + 2 | Others | 65 - 46 + 19 | |
| Nigeria | 17 - | 17 + 0 | CHILE | 10 - | 10 + 0 |
| Sénégal | 18- | 18 + 0 | COLOMBIA | 19 - | 19 + 0 |
| South Africa | 13- | 9 + 4 | COSTA RICA | 14 - | 14 + 0 |
| Sudan | 12 - | 10 + 2 | CUBA | 36 - | 22 + 14 |
| Tanzania | 11 - | 11 + 0 | La Habana | 36- 22+ 14 | |
| Togo | 14- | 14 + 0 | DOMINICAN REP | 14 - | 14 + 0 |
| Tunisia | 15 - | 12 + 3 | ECUADOR | 15 - | 15 + 0 |
| Zimbabwe | 30- | 30 + 0 | Quito | 13 - 13 + 0 | |
| Harare | 22-22 + 0 | | Others | 2- 2+ 0 | |
| Others | 8- 8 + 0 | | GUATEMALA | 8- | 8 + 0 |
| Others | 83- | 80 + 3 | JAMAICA | 8- | 8+ 0 |
| | 365- | 342 + 23 | MEXICO | 37 - | 32 + 5 |
| | | | Mexico City | 19 - 16 + 3 | |
| | | | Others | 18 - 16 + 2 | |
| | | | PERU | 27 - | 25 + 2 |
| | | | Lima | 24 - 23 + 1 | |
| | | | Others | 3- 2+ 1 | |
| | | | TRINIDAD | 13 - | 13+ 0 |
| | | | U.S.A. | 881 - | 650 + 231 |
| | | | Atlanta | 19 - 12 + 17 | |
| | | | Boston | 2 8 - 1 9 + 9 | |
| | | | Chicago | 32- 16 + 16 | |
| | | | Honolulu | 2 0 - 1 8 + 2 | |
| | | | Los Angeles | 21 - 18 + 3 | |
| | | | New Orleans | 30 - 17 + 13 | |
| | | | New York | 88 - 79 + 9 | |
| | | | San Antonio | 18 - 12 + 6 | |
| | | | San Diego | 2 6 - 1 9 + 7 | |
| | | | San Francisco | 2 6 - 1 8 + 8 | |
| | | | Washington | 97 - 82 + 15 | |
| | | | Others | 476 - 340 + 136 | |
| | | | VENEZUELA | 21 - | 19 + 2 |
| | | | Caracas | 20 - 18 + 2 | |
| | | | Others | 1 - 1 + 0 | |
| | | | OTHERS | 69 - | 68 + 4 |
| | | | | 1540 - | 1176 + 364 |
| AUSTRALASIA | | | | | |
| AUSTRALIA | 340 - | 243 + 97 | | | |
| Adelaide | 15 - 10 + 5 | | | | |
| Brisbane | 41 - 24 + 17 | | | | |
| * Canberra | 34 - 29 + 5 | | | | |
| Melbourne | 43 - 32 + 11 | | | | |
| Perth | 18 - 13 + 5 | | | | |
| * Sydney | 1 19 - 9 1 + 2 8 | | | | |
| Others | 70 - 44 + 26 | | | | |
| NEW ZEALAND | 23- | 20 + 3 | | | |
| Auckland | 9 - 7 + 2 | | | | |
| Others | 14 - 13 + 1 | | | | |
| OTHERS | 5- | 5 + 0 | | | |
| | 368 - | 268 + 100 | | | |
| * Countries/Cities where a large scientific congress was organized which generated numerous "satellite" meetings. | | | | | |
| * Pays/villes où furent organisés de grands congrès scientifiques qui ont entraînés l'organisation d'un nombre important de réunions conjointes. | | | | | |

Répartition géographique des réunions Internationales par continents, pays et villes

| | | | | | |
|---------------|----------------|-------------------|-----------------|-----------------|-----------------|
| ASIA | | | | | |
| BANGLADESH | | 7 - 7 + 0 | BULGARIA | | 27 - 21 + 5 |
| CHINA | | 82 - 53 + 29 | Sofia | 14 - 13 + 1 | |
| Beijing | 49 - 31 + 18 | | Others | 13 - 8 + 5 | |
| Others | 33 - 22 + 11 | | CYPRUS | | 12 - 11 + 1 |
| HONG KONG | | 60 - 37 + 23 | CZECHOSLOVAK | | 70 - 45 + 25 |
| INDIA | | 99 - 77 + 22 | Bratislava | 10 - 5 + 5 | |
| New Delhi | 44 - 37 + 7 | | Praha | 30 - 27 + 3 | |
| Others | 55 - 40 + 15 | | Others | 30 - 13 + 17 | |
| INDONESIA | | 41 - 39 + 2 | DENMARK | | 131 - 97 + 34 |
| Jakarta | 17 - 17 + 0 | | Copenhagen | 79 - 63 + 16 | |
| Others | 24 - 22 + 2 | | Others | 52 - 34 + 18 | |
| IRAQ | | 8 - 8 + 0 | * FINLAND | | 188 - 120 + 68 |
| ISRAEL | | 69 - 44 + 25 | * Espoo | 48 - 37 + 11 | |
| Jerusalem | 38 - 23 + 15 | | * Helsinki | 60 - 46 + 14 | |
| Tel Aviv | 17 - 12 + 5 | | Turku | 19 - 12 + 7 | |
| Others | 14 - 9 + 5 | | Others | 61 - 25 + 36 | |
| JAPAN | | 190 - 103 + 87 | FRANCE | | 693 - 459 + 234 |
| Kyoto | 30 - 22 + 8 | | Cannes | 16 - 13 + 3 | |
| Tokyo | 80 - 46 + 34 | | Grenoble | 15 - 11 + 4 | |
| Others | 80 - 35 + 45 | | Lyon | 18 - 15 + 3 | |
| KOREA R. | | 92 - 60 + 32 | Marseille | 14 - 9 + 5 | |
| Seoul | 82 - 55 + 27 | | Nice | 32 - 17 + 15 | |
| Others | 10 - 5 + 5 | | Paris | 324 - 192 + 132 | |
| MALAYSIA | | 34 - 31 + 3 | Strasbourg | 86 - 68 + 18 | |
| Kuala Lumpur | 19 - 16 + 3 | | Toulouse | 21 - 15 + 6 | |
| Others | 15 - 15 + 0 | | Others | 167 - 119 + 48 | |
| PAKISTAN | | 14 - 12 + 2 | GERMAN DEM REP | | 30 - 24 + 6 |
| PHILIPPINES | | 65 - 40 + 25 | BERLIN EAST | 12 - 11 + 1 | 12 - 11 + 1 |
| Manila | 60 - 36 + 24 | | BERLIN WEST | 141 - 51 + 90 | 141 - 51 + 90 |
| Others | 5 - 4 + 1 | | GERMANY FED REP | | 347 - 247 + 100 |
| SRI LANKA | | 9 - 9 + 0 | Dusseldorf | 14 - 9 + 5 | |
| SINGAPORE | | 109 - 49 + 60 | Hambourg | 42 - 22 + 20 | |
| TAIWAN | | 16 - 12 + 4 | Köln | 24 - 11 + 13 | |
| THAILAND | | 88 - 80 + 8 | München | 61 - 34 + 27 | |
| Bangkok | 67 - 67 + 6 | | Others | 206 - 171 + 35 | |
| Others | 21 - 19 + 2 | | GREECE | | 79 - 62 + 17 |
| OTHERS | | 77 - 72 + 5 | Athinai | 37 - 33 + 4 | |
| | | 1.060 - 733 + 327 | Others | 42 - 29 + 13 | |
| | | | HUNGARY | | 94 - 68 + 26 |
| | | | Budapest | 62 - 47 + 15 | |
| | | | Others | 32 - 24 + 11 | |
| | | | ICELAND | | 17 + 13 + 4 |
| | | | IRELAND | | 65 - 46 + 19 |
| | | | Dublin | 44 - 30 + 14 | |
| | | | Others | 21 - 16 + 5 | |
| | | | ITALY | | 392 - 321 + 71 |
| | | | Bologna | 30 - 24 + 6 | |
| | | | Firenze | 23 - 14 + 9 | |
| | | | Milano | 21 - 17 + 4 | |
| | | | Roma | 122 - 103 + 19 | |
| | | | Trieste | 16 - 14 + 2 | |
| | | | Venezia | 13 - 11 + 2 | |
| | | | Others | 167 - 138 + 29 | |
| | | | LUXEMBOURG | | 36 - 25 + 11 |
| | | | G.D. | | |
| | | | Luxembourg | 35 - 25 + 10 | |
| | | | Others | 1 - 0 + 1 | |
| | | | MALTA | | 10 - 9 + 1 |
| | | | MONACO | | 10 - 7 + 3 |
| | | | | | |
| EUROPE | | | | | |
| AUSTRIA | | 172 - 126 + 46 | | | |
| Innsbruck | 16 - 7 + 9 | | | | |
| Salzburg | 21 - 15 + 6 | | | | |
| Wien | 91 - 75 + 16 | | | | |
| Others | 44 - 29 + 15 | | | | |
| BELGIUM | | 279 - 192 + 87 | | | |
| Antwerp | 44 - 11 + 33 | | | | |
| Brussels | 159 - 127 + 32 | | | | |
| Liège | 18 - 6 + 12 | | | | |
| Others | 58 - 48 + 10 | | | | |

Geographical distribution of international meeting by continent, country and city

| | | Lausanne | 19 -19 +0 | | |
|--|-------------|---------------------|---------------|--------|-------------|
| NETHERLANDS | | 333- | 206 + | 127 | |
| Amsterdam | 83- | | | | |
| Den Haag | 60 - | | | | |
| Maastricht | 23-10 +13 | | | | |
| Rotterdam | 27-24 +3 | | | | |
| Others | 140 - | | | | |
| NORWAY | | 94- | 71 + | 23 | |
| Oslo | 60 - | | | | |
| Others | 34-28 +6 | | | | |
| POLAND | | 44- | 34 + | 10 | |
| Warsawa | 15- | | | | |
| Others | 29-20 +9 | | | | |
| PORTUGAL | | 78 - | 72 + | 6 | |
| Lisboa | 48 - | | | | |
| Others | 30-27 +3 | | | | |
| SPAIN | | 276 - | 146 + | 130 | |
| Barcelona | 54-39 +16 | | | | |
| Madrid | 169-63 +06 | | | | |
| Others | 53-45 +8 | | | | |
| SWEDEN | | 135 - | 104 + | 31 | |
| * Stockholm | 78-61 +17 | | | | |
| Others | 57-43 +14 | | | | |
| SWITZERLAND | | 305- | 266 + | 39 | |
| Basel | 16- | | | | |
| Geneva | 152-137 +15 | | | | |
| * Countries/Cities where a large scientific congress was organized which generated numerous "satellite" meetings. | | | | | |
| | | Zurich | 31 -24 +7 | | |
| | | Others | 87 - | | |
| | | TURKEY | | 29- | 24 + 5 |
| | | Istanbul | 21 - | | |
| | | Others | 8- | | |
| | | U.K. | | 750- | 422 + 328 |
| | | Birmingham | 23 - | | |
| | | Brighton | 27 - | | |
| | | Bristol | 16 - | | |
| | | Cambridge | 28-8 +10 | | |
| | | Edinburgh | 35-8 +17 | | |
| | | Glasgow | 21 - | | |
| | | London | 268 - | | |
| | | Manchester | 21 - | | |
| | | Others | 311 -163 +148 | | |
| | | USSR | | 59- | 57 + 2 |
| | | Moskova | 23-22 +1 | | |
| | | Others | 36 - | | |
| | | YUGOSLAVIA | -- | 80- | 57 + 23 |
| | | Dubrovnik | 27-20 +7 | | |
| | | Others | 53 - | | |
| | | OTHERS | -- | 13- | 13 + 0 |
| | | TOTAL EUROPE | | 5001 - | 3427 + 1574 |
| * Pays/villes où furent organisés de grands congrès scientifiques qui ont entraînés l'organisation d'un nombre important de réunions conjointes. | | | | | |
| TOTAL | | | | | |
| AFRICA | | 365 - | 342 + | 23 | |
| AMERICA | | 1540 - | 1176 + | 364 | |
| ASIA | | 1060- | 733 + | 327 | |
| AUSTRALASIA | | 368- | 268 + | 100 | |
| EUROPE | | 5001 - | 3427 + | 1574 | |
| | | 8334 - | 5946 + | 2388 | |
| * NOT DETERMINED | | 60- | 60 + | 0 | |
| | | 8394- | 6006 | 2388 | |
| | | | + | | |



Cooperation between the European Community and European NGOs active in the development field

16th General Assembly of European NGOs

The 16th Annual General Assembly of European NGOs active in the development field was held from 3 to 6 April at the Borschette Centre, Brussels. NGO and Commission representatives reviewed their cooperation in 1989 and discussed prospects for the future.

The main theme of the Assembly this year was "Europe 1993 in solidarity with the Third World". The NGO 2001 prize, instituted by the European NGOs in 1988, was this year awarded to the Human Rights Commission of El Salvador.

Cooperation between NGOs and the Community, which began 15 years ago, is the embodiment of the Community's support for the public's solidarity with the poorest sections of the population in the Third World. It includes the cofinancing of microprojects in development countries and projects to increase public awareness of development issues in Europe, the channelling of food aid and emergency aid through NGOs, and assistance to NGO coordination to help them work more efficiently.

EC/NGO relations are based on mutual trust

Microprojects in different domains constitute the main area of cooperation between the Community and NGOs.

The Commission believes that the multiplier effect of these small projects is considerable and that their success is attributable above all to the keenness and personal commitment of NGO staff and their local partners in LDCEs. NGOs' freedom from external pressures and their relatively small size and resulting autonomy and administrative flexibility. This mix of qualities generally makes for efficient, speedy and flexible project preparation and implementation.

The Commission has pledged itself to respect characteristic features of NGOs such as autonomy and pluralism. The Commission has great confidence in the commitment and competence of these organizations, a confidence which is generally amply justified.

Areas of EC-NGO cooperation

In 1989 Community aid for NGO operation totalled about ECU 266 million. It breaks down as follows:

- 72.0 MECU to cofinance microprojects in developing countries;
- 8.0 MECU to cofinance projects to raise public awareness in Europe;
- 114.3 MECU for food aid;
- 4.9 MECU for the purchase of food products by NGOs;
- 19.7 MECU for emergency aid;
- 4.4 MECU for refugees and displaced persons;

- 5.0 MECU for NGOs operating in Chile;
 - 2.2 MECU to combat drug abuse;
 - 30.0 MECU to help the victims of apartheid;
 - 4.7 MECU for the people in the Front Line States;
 - 0.6 MECU for the NGOs operating in the West Bank and Gaza.
- Cooperation in some of these fields is of recent date: the budget headings for Chile and for the victims of apartheid were created in 1986; those for drug abuse control and for the West Bank and Gaza in 1987; and that for the Front Line States in 1988. This expansion reflects the NGOs' growing ability to operate in different sectors, and in particular in fields where the Community's official cooperation is often excluded.

Cofinancing of microprojects in the developing countries and of projects to raise public awareness in 1989

Cofinancing started in 1976, making it one of the most longstanding forms of EC-NGO cooperation. Over the years the appropriation has gradually risen from ECU 25 million in 1976 to ECU 80.0 million in 1989. As in previous years, the whole 1989 appropriation has been committed, thanks to the quality and quantity of the NGO projects submitted for Community financing.

Vie associative

Concerning projects in developing countries, in all 832 applications for cofinancing (total request ECU 146 million) were processed over the year. Of these, 443 were cofinanced (ECU 72.0 million); 157 applications (ECU 34.5 million) were carried over to 1990. 232 applications (ECU 39.6 million) were withdrawn or rejected.

As usual, the project is extremely varied but continues to fall into three main sectors: rural development, training and health. Projects remain small and effective, and are mostly implemented at village level (the average Community contribution per project was ECU 160,000). The main priority is to meet the basic needs of the poorest sections of the population. The beneficiaries, who often make a contribution in kind to their project, undertake to maintain and manage it themselves when external aid comes to an end.

Of the projects cofinanced in 1988, 43% were in sub-Saharan Africa, 31% in Latin America and 20% in Asia.

As for the projects to raise public awareness, 103 projects were cofinanced for a total Community contribution of ECU 8 million. The main topics were: general development issues, food and agricultural problems and southern Africa and apartheid. The priority target groups were the general public and schools.

In comparison with 1988, the 1989 cofinancing of NGO projects in these latter two areas has made no progress, due to stagnation in available budget resources. The increase of credits in the Community budget for 1990, thanks to the support of European Parliament, will however lead to a new impulse in NGO cofinancing this year.

(Commission des C.E., Service du porte-parole)

ICSU Statement on Free Circulation of Scientists

The International Council of Scientific Unions (ICSU) is the oldest existing non-governmental body committed to international scientific cooperation for the benefit of humanity. Created in 1931, after its predecessor, the International Research Council, was dissolved because of discrimination against scientists of certain countries, ICSU has been vigorously pursuing a policy of non-discrimination ever since. ICSU maintains that discrimination hinders the free communication and exchange of ideas and information among scientists and thereby blocks the progress of science, which depends on their collective efforts.

ICSU's Members are 20 International Scientific Unions and 76 national academies of science or research councils. Together these set up international mechanisms to carry out scientific programmes of an interdisciplinary nature. An important factor in the success of these activities, which are concerned with issues such as the protection of the environment, Antarctic regions or space research, is that they are carried out under the aegis of a respected independent and international scientific body such as ICSU. Each Member adheres to the Council's Statutes when involved in activities carried out within ICSU's framework. One of the basic principles in these Statutes is that of non-discrimination, which affirms the right and freedom of scientists to associate in international scientific activity without regard to such factors as citizenship, religion, creed, political stance, ethnic origin, race, colour, language, age or sex. All of these rights are embodied in a variety of

articles in the *International Bill of Human Rights*. ICSU seeks to protect, and promote awareness of, the rights and fundamental freedoms of scientist in their scientific pursuits. ICSU has a well-established non-political tradition which is central to its character and operations and it does not permit any of its activities to be disturbed by statements or actions of a political nature.

As the intrinsic nature of science is universal, its success depends on cooperation, interaction and exchange, much of which goes beyond national boundaries. In order to achieve its objectives, scientists involved in ICSU activities must therefore be able to have free access to each other and to scientific data and information. It is only through such access that science can produce its fruits and international scientific cooperation can flourish. ICSU recognizes that scientists are not working in a world where such open access is always assured and it uses its best endeavours privately to resolve difficulties where they arise. In most cases it has been successful. Where such consultations have failed ICSU has, however, had to publicize acts of discrimination against scientists and take steps to prevent their repetition, even to the extent of encouraging members of the ICSU family to decline invitations to hold meetings in the country concerned. On the basis of its firm and unwavering commitment to the principle of the free circulation of scientist ICSU continues to oppose any tendency to weaken or undermine this principle.

(*Science International*, n° 39, Jan. 1990)

First European East-West Conference on "Quality and Training"

On 18 and 19 January 1990 about 300 training experts from 24 European countries met in the Hungarian capital of Budapest.

The occasion was the first East-West European conference on Training, jointly organised by CEDEFOP, the European Institute for Vocational Training in Paris (IEFP), and a number of Hungarian institutions attached to the ministries of Education and Labour.

While drawing some conclusions from the conference, Mr. Piehl, Director of CEDEFOP, stressed that

there are many small steps to be taken on the road of cooperation between Western and Eastern Europe in the field of training. In the first period, cooperation would undoubtedly mean assistance by Western countries to their East European neighbours, but the long-term perspective should always be that of mutual cooperation.

CEDEFOP will continue to contribute to East West cooperation within the framework of its overall mission. It will produce and publish reports on the vocational training systems in

Eastern Europe and it will open up its information media for news from these countries; it will make a start with the inclusion of East European countries in its network of Documentation and Information Centres; it will investigate the possibility of including East European countries in its network of Documentation and Information Centres; it will also seek to include experts from Eastern Europe in its Study Visit Programme. Finally, it will work closely with the future European Training Foundation (ETF), through which the European Com-

munity will coordinate assistance to Eastern Europe offered by the so-called Group of 24, the Western countries that have been meeting regularly at the EC in Brussels to bring their efforts together.

CEDEFOP considers the Budapest conference as one step in a series of encounters between experts on training in Europe. A number of follow-up meetings are already planned.

CEDEFOP will invite in the beginning of July the Directors of Vocational Training Research Institutes from the Eastern European countries to its Annual Forum of Research

Institutes in order to promote their cooperation. The most important documentation and information centres will be invited to CODEFOP's annual Documentation Network meeting in September. In November, in collaboration with the Soviet Academy for Pedagogical Sciences, a European Conference for Vocational Training Research Institutes will be organised in Leningrad to provide a more specialised forum for the research community. Finally, in March 1991, the Third European Congress on Continuing Education and Training will take place in Berlin,

organised by the Berlin Senate and CEDEFOP. For the first time this congress will have an all-European character.

More information in :

1. "CEDEFOP Presse" No. 3/90, Languages: DE, EN, FR
 2. "DEDEFOP flash" No. 1/90, Conference Report, Languages: DE, EN, ES, FR, IT
- Free of charge from CEDEFOP.
Project coordinator: Peter Grootings,
tel: 030/88412184.

(CEDEFOP news, March 1990)

New... Plans... Creations... New... Plans... Creations... New... Plans... Creations... New... Plans...

L'Agence européenne de l'environnement est officiellement née le 22 mars à Bruxelles: les ministres des Douze ont adopté le règlement qui l'institue mais ont également décidé qu'elle ne commencerait à fonctionner qu'après que les ministres des affaires étrangères se seront mis d'accord sur son siège. Parmi les villes candidates, Copenhague et Madrid semblent les mieux placées.

La principale fonction de l'Agence sera de recueillir des informations détaillées sur la situation de l'environnement dans les pays de la Communauté. Cependant, conformément à ce que demandait le Parlement européen, les ministres ont accepté la perspective d'un élargissement de ses compétences au bout de deux ans. Elle pourra être associée alors au contrôle par la Commission de Bruxelles de la bonne application de la réglementation européenne dans la CEE. C'est dire que les informations rassemblées par l'Agence pourront être utilisées pour ces contrôles, mais aussi qu'elle suscitera une harmonisation des procédures de vérifications. Celle-ci est nécessaire si l'on songe à créer, à terme, une inspection proprement communautaire. A l'origine, le Parlement aurait souhaité confier tout de suite cette tâche à l'Agence, mais la Commission, ainsi que plusieurs Etats membres, ont estimé que ce serait prématuré.

Une conférence à Dublin

Les ministres ont adopté une résolution décrivant les principales orientations d'une politique communautaire de gestion des déchets. Il y est notamment indiqué que ceux-ci doivent être éliminés aussi près que possible de leur lieu de production. Les Douze ont encore approuvé une

directive sur la "liberté d'information" qui ouvre aux particuliers — comme aux associations — le droit de demander aux administrations nationales et communautaires des informations sur tout dossier touchant à l'environnement. Le conseil après un long débat, a estimé que ce nouveau droit devrait jouer de manière aussi peu restrictive que possible et a donc limité les dérogations.

Les ministres ont retenu la proposition de M. Ripa di Meana, le commissaire compétent, de réunir une conférence rassemblant les ministres de l'environnement des Douze et ceux des pays de l'Est. Elle se tiendra le 16 juin à Dublin.

Sur 300 millions d'écus (2,1 milliards de francs) de crédits inscrits dans le budget de la Communauté pour l'année 90 en faveur de la Pologne et de la Hongrie, il a été entendu que 44 millions d'écus seraient affectés à la lutte contre la pollution. Les Douze ont récemment décidé d'élargir l'action de la Communauté aux autres pays de l'Est, souvent engagés dans une politique de réformes (Tchécoslovaquie, RDA, Bulgarie, Roumanie) en de prévoir, toujours pour 1990, un budget supplémentaire de 200 millions d'écus (1,4 milliard de francs). M. Ripa Di Meana a estimé que sur cette nouvelle tranche, au moins la même proportion bénéficierait à la défense de l'environnement, soit une trentaine de millions d'écus.

Philippe Lemaitre
(Le Monde, 27.3.90)

Created on 18 April 1989 at the close of the Twelfth Congress of the International Confederation of Manage-

rial Staff, the European Confederation of Managerial Staff (ECMS) aims to become the second arm of wage-earner and salaried-employee representation in the Europe of 1992, alongside the European Trade Union Confederation (ETUC).

Mr. Henri Bordes-Pagès, National Secretary of the General Confederation of Managerial Staff (France), will be President of the new organisation for three years. Already, ECMS represents nearly 800,000 executives in ten European countries. For the time being, Ireland and Greece are not included in the organisation, managerial staff having no representative body in either country.

The purpose of ECMS is to discuss at Community level the specific role of managerial staff in the Community and the problems Community membership raises for them, such as mobility within Europe, the harmonisation of pension systems and measures regarding employment.

(CFE-OGC : *La lettre confédérale* (Paris, No. 552.21.27 Apr. 1989; *Le Monde* (Paris), 21 Apr. 1969; *Social and Labour Bulletin*, 2/89).

Les dirigeants tchécoslovaques, polonais et hongrois, réunis lundi 9 avril à Bratislava, sont convenus de coordonner leurs efforts en vue de leur "retour en Europe". Une coopération centre-européenne doit ainsi s'engager dans les domaines de l'intégration et de la sécurité européennes. Une première réunion concernant le rapprochement avec la CEE aura lieu dans quelques semaines.

Le président Vaclav Havel, qui avait pris l'initiative de cette rencontre, a préconisé l'élaboration d'une

nouvelle structure de sécurité qui, à terme, permettrait de réduire le rôle de l'OTAN et du pacte de Varsovie. Tous les participants ont souligné l'importance du processus de la CSCE (Conférence sur la sécurité et la coopération en Europe) et souhaité une réunion de représentants des trente-cinq pays membres avant l'été.

Le ministre italien des affaires étrangères, M. de Michelis, qui était, avec ses homologues autrichien et yougoslave, invité comme observateur, a encouragé cette initiative.

(AFP, Reuter, 11.4.90)

WEDNET (Women Environment and Development Network) is an innovative research and information-sharing project launched by the Environment Liaison Centre International (ELCI) in Africa.

WEDNET has three inter-linked components. The major component is a multinational, multi-disciplinary research undertaking on "Women and Natural Resource Management in Africa". This activity is to be carried out by researchers from 10-12 African countries south of the Sahara using a common framework of investigation. The primary purpose of WEDNET's activities will be the documentation and legitimization of women's indigenous knowledge, in both traditional and contemporary contexts, as part of the search for strategies which will halt Africa's environmental degradation and bring about sustainable development.

Research projects have been submitted from: Burkina Faso; Ghana, Kenya; Nigeria; Senegal; Tanzania and Zimbabwe.

The second component of WEDNET will provide links between the researchers and between the researchers and the coordinating links (ELCI, Nairobi and Environmental Studies, York University, Toronto); facilitate centres, particularly ELCI and IFAN (Institut fondamental de l'Afrique Noire, Université Cheikh Anta Diop, Dakar), which is the focal point for participants in francophone West Africa.

The third component comprises of communicating relevant recommendations to policy-makers and sharing action-oriented recommendations with constituent members of ELCI.

WEDNET will also publish a newsletter as an on-going source of information on activities within the project and from the wider development community. The project leader for

WEDNET is Fr. Shimwaayi Muntemba. Executive Director of ELCI.

(Rosemary Jommo, WEDNET ELCI Coordinator, POB 72461, Nairobi, Kenya)

Le souci de raviver et étendre les anciens liens linguistiques, culturels, diplomatiques et économiques existant entre la France et l'ensemble de sept nations constituant le Sud-Est européen (Albanie, Bulgarie, Chypre, Grèce, Roumanie, Turquie, Yougoslavie) avait conduit en 1986 M. Jean-Marie Le Breton, alors ambassadeur de France à Sofia — il représente aujourd'hui ce pays à Bucarest, — à créer avec quelques compatriotes dont M. Jacques Fauve, ancien conseiller culturel à Athènes et Bucarest, une Association pour le développement de l'étude du Sud-Est européen (ADESEE).

Les récents événements dans les Etats communistes de cette région ont permis à ce groupement apolitique de prendre enfin son essor, attirant nombre de personnes intéressées par cette partie du Vieux Continent, notamment des étudiants et des chercheurs. C'est un peu sur le modèle du Südsteuropa Gesellschaft, institut fonctionnant en Allemagne depuis plusieurs décennies, avec des appuis aussi bien intellectuels qu'industriels, et dont le succès et l'influence vont grandissant, que s'organise désormais l'ADESEE. Elle vient de se réunir en assemblée générale, décidant de publier désormais un bulletin et confirmant plusieurs projets, dont celui de réunir dans quelques mois des séminaires internationaux sur "Les conséquences de l'ouverture de la liaison Rhin-Danube à grand gabarit en 1992" à la lumière des travaux du grand historien roumain francophone, Iorga, travaux qui, un demi-siècle après son assassinat, font toujours autorité et constituent encore la meilleure introduction à la connaissance du passé sud-est européen. Le président de la Fondation des sciences politiques, M. René Rémond, et la présidente du Centre Pompidou, Mme Hélène Arweiler, font, entre autres, partie du comité de patronage de l'ADESEE.

J.-P. - P.-H.

EDSEE, 2, rue Emile-Faguet 75014 Paris. Téléphone: (1) 45-39-64-73. (Le Monde, 17.4.90)

Les représentants des quarante-deux actionnaires fondateurs de la

Banque européenne pour la reconstruction et le développement de l'Europe de l'Est (BERD) ont signé, le lundi 9 avril à Paris, le texte définissant les finalités et le mode de fonctionnement du nouvel organisme international. Un seul blanc demeure parmi les cinquante-huit articles du traité: celui concernant le siège de la banque qui devrait être défini au cours des prochaines semaines.

D'autre part, le président du futur organisme n'a pas encore été choisi.

Au total, quarante pays sont membres de la banque; ceux de l'Europe de l'Est, bien sur, qui seront les seuls à recevoir des concours de la Banque, ceux de la Communauté européenne, et les principaux pays industrialisés. On trouve même parmi les fondateurs des pays en développement qui, comme le Mexique, "sont également intéressés par les techniques de privatisation", selon l'expression d'un haut fonctionnaire français, dans lesquelles la BERD sera amenée à se spécialiser. Deux institutions, la Banque européenne d'investissement, et la Commission européenne participent également au nouvel organisme, et font partie de son conseil d'administration.

"La finalité de la banque devra être d'encourager la transition vers des économies ouvertes de marché, et de promouvoir l'entreprise privée et individuelle dans les pays d'Europe centrale et de l'Est adoptant et mettant en oeuvre les principes de la démocratie multipartite, du pluralisme, et de l'économie de marché", stipule l'article premier du traité.

Depuis plusieurs mois, voire plusieurs années dans le cas de la Hongrie et de la Pologne, les pays socialistes de l'Est ont abandonné les principes de la planification centralisée, et se sont lancés dans des réformes visant à introduire les règles économiques du marché. Un processus parallèle à celui de la libéralisation politique. En Union soviétique cependant, si le principe du multipartisme a été acquis, la volonté de transition vers une véritable économie de marché n'est pas encore apparue clairement. C'est pourquoi l'URSS, au moins pendant une période initiale de trois ans, devra assumer au sein de la Banque un statut quelque peu différent de celui de ses anciens Etats-satellites. Pendant une période de trois ans, l'URSS ne pourra emprunter qu'une somme équivalente à la fraction libérée de son capital.

La signature par les gouvernements des pays membres des statuts de la BERD interviendra "sauf événe-

nient imprévisible" le 30 mai prochain, date à laquelle les responsables économiques des pays industrialisés seront réunis à Paris à l'occasion de l'assemblée annuelle de l'Organisation de la coopération et du développement économiques (OCDE).

Les dispositions du traité

Le traité prévoit les principales dispositions suivantes:

— **Les membres fondateurs:** huit pays de l'Est (Bulgarie, Hongrie, Pologne, RDA, Roumanie, Tchécoslovaquie, Union soviétique, Yougoslavie), les douze pays de la Communauté (Belgique, Danemark, Espagne, France, Grèce, Irlande, Italie, Luxembourg, Pays-Bas, Portugal, RFA, Royaume-Uni), les six membres de l'AELE (Autriche, Finlande, Islande, Norvège, Suède, Suisse), la Turquie, Chypre, Malte, le Liechtenstein, les Etats-Unis, le Japon, le Canada, l'Australie, le Maroc, l'Égypte, la Corée du Sud, le Mexique. Deux institutions communautaires: la Banque européenne d'investissement (BEI) et la Commission européenne.

— **Le capital et sa répartition:** le capital sera de 10 milliards d'écus (70 milliards de francs), dont 51% seront détenus par les pays de la Communauté. Les Etats-Unis détendront 10% des parts, les quatre principaux pays de la CEE (France, Italie, RFA, Royaume-Uni) ainsi que le Japon 8,51% chacun, les huit autres entre 0,20% (Luxembourg) et 3,40% (Espagne). La BEI et la Commission, 3% chacune. L'Union soviétique, 6%. Au total, 13,5% du capital est détenu par les pays de l'Est.

— **Les langues officielles:** l'anglais, le français, l'allemand, le russe.

— **Le conseil d'administration:** il sera composé de 23 sièges, dont 12 reviendront à la CEE, et 11 aux autres membres.

— **L'éligibilité:** les pays d'Europe centrale et de l'Est pourront recevoir des prêts de la Banque. Pendant trois ans, l'Union soviétique ne pourra avoir accès aux concours de la Banque qu'à hauteur de sa participation effectivement versée dans le capital. Une telle procédure d'exception pourra être décidée pour d'autres pays aux termes de l'article 8. La fin de la période de transition doit être votée par le conseil des gouverneurs avec une majorité de 85%.

— **Le président:** il sera élu à une majorité simple par le conseil des gouverneurs pour une durée de quatre ans.

(Le Monde, 11.4.90)

Consultations of the European regional committees and member churches of the Christian Peace Conference have been taking place regularly for the last five years. On 12-13 January 1990 a coordination group on Europe met in Berlin GDR, and agreed to take the initiative of establishing a European Continental Association of the Christian Peace Conference.

Other continental associations already exist in Africa, Asia/Pacific, Latin America/Caribbean and North America. The members of the coordination group stress that one of the tasks facing the European CPC should be increasing their support for the Conference on Security and Cooperation in Europe, especially with regard to disarmament, the full guaranty of human rights, ecological responsibility and cultural diversity. The 1st meeting of the European CPC is planned for 27-28 August 1990. It will take place in West and East Berlin, and the theme will be "Kairos Europe".

(CPC Information, Feb. 1990)

L'Institut international de recherches en graphologie chinoise a été créé le 1^{er} février 1990 à Bruxelles. Son but est de promouvoir la recherche scientifique sur les écritures idéographiques chinoises par les méthodes de la psychologie de l'écriture, afin d'en dégager la personnalité du scripteur. Cette recherche utilisera à la fois les méthodes graphologiques occidentales et les apports de la tradition calligraphique et de la psychologie chinoises.

Le siège est établi rue Baron de Castro 41, B-1040 Bruxelles.

(Annexe au *Moniteur Belge*, 5 avril 1990)

Constituée sous le régime de la loi belge du 25 octobre 1919, le European Regional Industrial Development Organization (ERIDO), a pour objet "l'étude et l'analyse du développement régional en Europe et la mise en contact des organismes de développement avec les universités et les instituts de recherche". Le président est le Dr Jürgen Morlok (RFA) et le secrétaire Peter Moricz (RFA). Le conseil d'administration de 11 personnes comprend 9 nationalités différentes.

Le siège est établi: de Tyraslaan 111, B-1120 Bruxelles.

(Annexe au *Moniteur Belge*, 5 avril 1990)

L'Annexe au *Moniteur Belge* du 5 avril 1990 publie les statuts de l'Association européenne d'écologie humaine (EAHE), association internationale selon la loi belge du 25 octobre 1919. Les membres effectifs seront des personnes morales: laboratoires, centres, départements universitaires ou de recherche, instituts, associations. Le conseil d'administration comprend six professeurs d'université de 5 pays: Belgique, Espagne, France, Royaume-Uni et Suisse.

Le siège est actuellement fixé: avenue de la Plaine 2, 1050 Bruxelles.

L'Annexe au *Moniteur Belge* du 29 mars 1990 publie les statuts d'une association internationale — loi belge du 25 octobre 1919 - dénommée Zaire - Hydro - Sahel. Celle-ci a pour objet "l'examen de tous moyens d'études, de financement et de réalisation du projet transhydro Zaire-Sahel visant à amener au Sahel et en direction d'autres pays défavorisés, les eaux excédentaires d'autres pays et notamment une quantité excédentaire d'eau du fleuve Zaire. Elle réunira et mettra en présence personnes et organismes intéressés par ce projet et prendra toutes mesures de nature à permettre toute étude, financement et réalisation, notamment en assurant la maîtrise conduisant à la création de sociétés appelées à financer et à assurer la construction des ouvrages nécessaires au cadre du projet. Elle pourra accomplir toutes opérations financières ou immobilières nécessaires à la réalisation de son objet social".

Le présent est Kimasi Matuiku Basula, ambassadeur du Zaire à Moscou. L'administrateur délégué est Michel Barbier (Belgique). Parmi les autres administrateurs il y a 2 Belges, 1 Français et 1 Américain.

Le siège est établi: rue Willems 14, B-1030 Bruxelles.

L'Annexe au *Moniteur Belge* du 29 mars 1990 publie les statuts de la Fédération européenne des activités de déchet (FEAD). Le but de cette fédération internationale (loi belge du 25 octobre 1919) est de promouvoir la gestion des déchets dans les Etats membres de la Communauté européenne, d'assurer la coordination en

vue d'actions communes visant à permettre un meilleur traitement de toutes les questions s'y rapportant. Peuvent être membres les associations d'entreprises des pays européens (une seule par pays) qui soutiennent l'objet de la fédération. Le Conseil d'administration comprend 9 personnes de 8 nationalités différentes. Le président est Francisco Jardón Arango (Espagne) et le secrétaire général Dieter Vogt (Belgique).

Le siège social est établi: Avenue des Nerviens 117/69, B-1040 Bruxelles.

Régie par la loi belge du 25 octobre 1919, l'Association of European Express Carriers (AEEC) a pour objet "l'étude, la recherche et la mise en œuvre de solutions adéquates à tous types de problèmes affectant l'industrie du courrier express, sur un plan scientifique, technique, documentaire, sur le plan de l'environnement et sur le plan institutionnel". L'association veut fournir un canal de communication efficace entre l'industrie et la communauté scientifique. Les autorités réglementaire et gouvernementale au sein de la CEE, du Conseil de l'Europe et d'autres organismes internationaux, ainsi que par l'intermédiaire d'associations locales agissant sur le plan national. Peuvent être membres toute société ou entité dûment organisée selon la loi et la pratique de son pays d'origine et qui a pour principale activité le transport porte à porte de documents ou petits colis urgents; peuvent également être membres des associations nationales de telles sociétés. Le conseil d'administration élu comprend 11 personnes dont 7 britanniques, 1 portugaise, 2 néerlandaises, 1 belge.

Le siège est établi: rue de la Presse 4, B-1000 Bruxelles.

(Annexe au *Moniteur Belge*, 29 mars 1990)

Constituée le 5 février 1990 à Bruxelles, sous le régime de la loi belge du 25 octobre 1919, l'Association des producteurs de fibres de verre européens (APFE) vise à améliorer, accroître et développer l'emploi de fibres de verre par, notamment, la recherche et la promotion de nouvelles technologies, le développe-

ment et la mise en production de nouvelles applications, la participation à la création, la mise au point et la discussion de normes et standards à l'échelon international. Le président est Axel Reichmann.

Le siège est établi, avenue Louise 89, 1050 Bruxelles.

(Annexe au *Moniteur Belge* du 29 mars 1990)

An organising committee, consisting of interested individuals from Mexico, the UK, France, West Germany, the USA, Canada and the Netherlands, is setting up an International Cooperative and Exchange Network in Science and Technology Communications (DELTA) and financing of research in the growing field and public communication on science and technology.

This activity follows meetings in May 1989 organised by Pierre Fayard of LABCIS - University of Poitiers (40 Avenue du Recteur Pineau, 86022 Poitiers Cedex, France), acting at present as headquarters of DELTA Network.

(*Outlook on Science Policy*, October 1989)

The founding conference of the Association of Higher Education was held at Patras (Greece), on 1st and 2nd February 1990. At this meeting, the statutes for the Association and the plan of priorities for future action were agreed. The financial support for this Association and its founding conference is being provided by the European Cultural Foundation and the Commission for the European Communities.

(*ECF Newsletter*, Feb. 1990)

En mai 1989 une conférence internationale a rassemblé diverses organisations de financement alternatif de plusieurs pays européens. Lors de cette conférence a été établi un groupe de travail destiné à étudier la création d'une Association européenne de banques et organismes financiers interpellés par les questions d'écologie, de culture, de gestion démocratique de l'économie sociale, dont les objectifs seraient les suivants :

- agir comme une plate-forme d'échange d'informations sur les pratiques bancaires pour les investisseurs sociaux en Europe;
- développer l'éducation et la formation des investisseurs sociaux fin Europe;
- faire de la publicité pour les placements sociaux; exercer des pressions (lobbying);
- développer, en Europe, des réseaux d'organisations favorables à l'investissement social;
- élaborer des projets conjoints.

M. Malcolm Lynch, Solicitor, Secretary to the Working Party, Vassalli House 20, Central Road, Leeds, L51, 6DE, Grande Bretagne.

(*IRED Forum*, n°34, 1990)

On 9th November 1989, 10 European Foundations met in Brussels for the formal launch of the European Foundation Centre. Amongst those present were executives from the European Cultural Foundation (NL), The Fondation Roi Baudouin (B), The Stichting Koningin Juliana Fonds (NL), The Charities Aid Foundation (UK), The Fondation de France (F), the Stifterverband für die Deutsches Wissenschaft (D), the Fondazione Agnelli (I) and the Fondation Oriente (P). At this meeting a Director for the Centre was appointed, being Mr. John Richardson, formerly Director of the Eurydice European Unit.

The Centre will be an information clearing-house and service agency for both grant-making bodies and the public; provide a meeting ground for open discussion between grant-makers and others concerned with their work; will offer a communication system connected with other similar systems in Europe, North America and on other continents; and increase the understanding by the public, the media, and the national and European authorities of the role of grantmaking bodies and their distinctive contribution. For the benefit of grant-makers, the Centre will respond to requests for information on national, European and international law and practice, set up research and training programmes and promote joint ventures between the public and private sectors, beginning with providing support to the new Foundations emerging in the countries of Eastern Europe.

(*ELF Newsletter*, Feb. 1990)