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Working Together:

The World Bank's Partnership with Civil Society

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**The World Bank's
Partnership
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Introduction

International development today is moving increasingly toward partnerships among government, donors, private sector and civil society as the most effective way to achieve sustainable economic and social benefits. In these multi-sector partnerships, civil society organizations (CSOs) play an especially critical role in helping to amplify the voices of the poor in the decisions that affect their lives.

*Engaging civil
society groups in
projects and policy
dialogue builds
local ownership...*

The World Bank has been working to strengthen its partnerships with members of civil society for more than 20 years, since the first operational policy note on relations with nongovernmental organizations (NGOs) was approved by the Bank's Board of Directors in 1981. The last several years, however, have witnessed a remarkable increase in the level of interaction and collaboration worldwide between the Bank and civil society broadly speaking—that is, beyond simply development and advocacy NGOs to also include trade unions, religious organizations, civic associations and other groups which shape local society. The Bank has found that engaging civil society groups in projects and policy dialogue builds local ownership of the development process and improves project design, implementation and sustainability.

This booklet is intended to serve as a general resource guide for CSOs interested in the World Bank and is meant to provide a window on what the Bank does and the nature of its engagement with civil society.

The World Bank at a Glance

The World Bank is the world's largest multilateral source of financial development assistance. Through its loans, policy advice and technical assistance, the World Bank supports a broad range of programs aimed at helping governments in developing countries and countries in transition to reduce poverty and improve living standards for their people.

Founded in 1944, the World Bank Group consists of five closely associated institutions:

The International Bank for Reconstruction and Development (IBRD)

The IBRD provides loans and development assistance to middle-income countries and creditworthy poorer countries. Voting power is linked to members' capital subscriptions, which in turn are based on each country's relative economic strength. The IBRD obtains most of its funds through the sale of bonds in international capital markets.

The International Development Association (IDA)

IDA plays a key role in supporting the Bank's poverty reduction mission. IDA assistance is focused on the poorest countries, to which it provides interest-free, or concessional loans and other services. IDA depends on contributions from its wealthier member countries—including some developing countries—for most of its financial resources. IDA is legally and financially distinct from IBRD, but it shares the same staff, and the projects it supports have to meet the same criteria.

Effective poverty reduction strategies and poverty-focused lending are central to achieving these objectives. Bank programs give high priority to sustainable social and economic development with emphasis on inclusion, good governance and local capacity building.

The World Bank provides funds and advice mainly for governments of its borrowing—or client—countries. Bank-

The International Finance Corporation (IFC)

The IFC promotes growth in the developing world by financing environmentally and socially responsible private sector investments, as well as providing technical assistance and advice to governments and businesses. In partnership with private investors, the IFC provides both loan and equity finance for sustainable business ventures in developing countries.

The Multilateral Investment Guarantee Agency (MIGA)

MIGA helps encourage foreign investment in developing countries by providing guarantees to foreign investors against loss caused by noncommercial risks. MIGA also provides technical assistance to help countries disseminate information on investment opportunities.

The International Centre for Settlement of Investment Disputes

ICSID provides facilities for the settlement—by conciliation or arbitration—of investment disputes between foreign investors and their host countries.

financed operations are designed and implemented by government agencies or private entities, with the Bank closely collaborating at each stage. While private for-profit and not-for-profit organizations are often involved, Bank loans are only made to member governments, which then pass funds on to relevant private or public agencies. Loans can also be made to the private sector with government guarantees, and the Bank can further guarantee private sector financing. The Bank continuously seeks alliances with a variety of participants—multilateral, bilateral, commercial, governmental and non-governmental organizations—in order to increase coordination and maximize development effectiveness.

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The World Bank operates under the authority of its Board of Governors. One governor, who is generally the country's finance minister, represents each of the institution's member countries. The Board of Governors meets once a year during the Annual Meetings in September. For day-to-day business, it delegates its authority to a smaller group of representatives, the Board of Executive Directors, which is based at Bank headquarters in Washington, DC. The Board of Executive Directors is responsible for policy decisions

affecting the World Bank's operations and for the approval of all loans. The Bank has 24 executive directors. The five largest shareholders—France, Germany, Japan, the United Kingdom and the United States—each appoint one executive director. The other countries are grouped into constituencies, each of which is represented by an executive director who is elected by a country or group of countries. The members themselves decide how they will be grouped. Some countries—China, Russia and Saudi Arabia—have formed single-country constituencies. The country groups more or less represent geographic regions with some

political and cultural factors determining how they are constituted. The executive directors normally meet twice a week to oversee the Bank's business.

The Bank is organized into six operational regions, each of which is headed by a vice-president. Within each region are country departments that are responsible for the Bank's operations in a country or group of countries. Much of the Bank's policy and research work is carried out by the following thematic networks: Environmentally and Socially Sustainable Development (ESSD); Development Economics (DEC), Poverty Reduction and Economic Management (PREM); Human Development (HD); and Finance, Private Sector Development and Infrastructure Network (FPSI). Networks and regions frequently share staff and work portfolios in an effort to increase efficiency, expertise and the sharing of knowledge.

In addition to the operational vice-presidencies, there are several others that are of interest to CSOs. Operations Policy and Strategy (OPS) coordinates and oversees operational activities in several key areas, including Country Assistance Strategies, Poverty Reduction Strategy Papers and Operational Policies. Operational Core Services (OCS) strengthens the Bank's technical expertise in procurement and financial management, in addition to supporting resource management reforms. The Operations Evaluation Department (OED) is an independent evaluations unit that reports directly to the Bank's executive directors on the development impact and performance of all completed Bank lending operations, in addition to providing evaluation of the Bank's policies and processes. The External Affairs and United Nations Affairs Department (EXT) manages key constituency relations, including the Bank's relations with civil society, parliamentarians, media and the United Nations.

The Bank's Relationship with Civil Society

The World Bank defines civil society as the space among family, market and state; it consists of not-for-profit organizations and special interest groups, either formal or informal, working to improve the lives of their constituents. In this sense, the Bank considers research and policy design organizations, labor unions, the media, NGOs, grassroots associations, community-based organizations, religious groups and many others typical examples of the actors that comprise the dynamic web known as civil society.

The World Bank's partnership with civil society is built upon the recognition that civil society organizations often have closer contact with the poor and can offer valuable insights and perspectives that differ from other stakeholders. CSOs may be better able than government or official actors to help the poor through the provision of direct services and through assisting the poor to identify their most pressing concerns and needs. CSOs' local knowledge, expertise and ability to foster and promote people's participation often give them strong comparative advantages in addition to making them valuable and experienced allies in development. CSOs can also help strengthen the effectiveness of development policy through the promotion of transparency and through efforts to monitor policy impact.

CSO involvement in Bank-financed projects dates back more than two decades and has become a major element of the Bank's work. Experience has shown that Bank-CSO collaboration can increase project reach and sustainability, provide the Bank with alternative perspectives and help facilitate consultation with a wide variety of stakeholders. However, CSOs vary widely—from

country to country and within countries—and can face considerable constraints, such as limited institutional capacity, limited financial and management expertise, low levels of self sustainability and poor national policy environments that seriously undermine their ability to succeed.

International Forum For Capacity Building

One way the Bank helps to build capacity of CSOs is through support of the International Forum for Capacity Building (IFCB). The IFCB is a global initiative launched by Southern CSOs from Asia-Pacific, Africa and Latin America in an effort to focus on key future priorities of capacity building for Southern CSOs to enhance their effectiveness in addressing issues of poverty, marginalisation, democratisation and strengthening of civil society, human rights and sustainable human development. The purpose of this multi-stakeholder Forum is to enable Southern CSOs to engage donors and CSOs from developed countries in debate and innovations that shape conceptual approaches, policies and practices for future capacity building interventions. Visit <http://www.ifcb-ngo.org> for more information.

The nature and scope of the Bank's work with civil society has grown from educating and promoting participatory development to Bank staff to a dynamic process of improving our ability to part-

The nature and scope of the Bank's work with civil society has grown... to a dynamic process of building partnerships through policy dialogue and project collaboration.

ner and work with civil society—primarily through policy dialogue and collaboration with CSOs on Bank-assisted projects. As work related to civil society has expanded, so, too, has the number of Bank staff dedicated to working on issues related to civil society.

The NGO and Civil Society Unit, located in the Social Development Department of the ESSD network, is the central anchor for civil society work at World Bank headquarters. The Unit, in collaboration with

the regional and country office staff, facilitates civil society involvement in Bank operations and policy discussions, in addition to providing guidance to Bank staff on all aspects of its work with civil society.

At headquarters, a Civil Society Thematic Team (CSTT) has been formed to strengthen the Bank's work with civil society. The team comprises representatives of the regions, networks and the External Affairs Department who work on civil society issues and facilitate discussion and collaboration with local and global groups. The NGO and Civil Society Unit convenes CSTT meetings on a regular basis.

In order to guide and nurture the growing interaction between the Bank and civil society, staff in nearly all of the Bank's country and regional offices have been assigned to facilitate work with CSOs. In addition, each region has a civil society coordinator who works in concert with the specialists in country and regional offices to improve the quality and quantity of the Bank's civil society engagement. These staff members are increasingly involved in a wide range of activities—from main-

streaming civil society participation into projects to designing and managing policy consultations to fostering better relationships with local civic groups through information exchange and dialogue.

The NGO and Civil Society Unit, together with the Civil Society Thematic Team and staff in country offices, is leading efforts to:

1. mainstream civic engagement in Bank-financed operations and policy dialogue;
2. enhance the capacity of stakeholders to effectively engage each other and better leverage their respective strengths; and
3. foster strategic alliances with CSOs at local, regional and global levels to promote better dialogue and collaboration between the Bank and civil society.

This network of staff also produces a variety of publications in support of these efforts—from general guidelines for Bank staff on *Consultations with Civil Society Organizations* to country-level studies of civil society. Publications can be found online at

<http://www.worldbank.org/ngos>, in country offices and through the NGO and Civil Society Unit.

Each region has a civil society coordinator who works in concert with the specialists in country and regional offices to improve the quality and quantity of the Bank's civil society engagement.

The World Bank is committed to helping civil society and governments build up their capacity to effectively engage each other as development partners. In keeping with this commitment, the Bank has increased its own capacity to engage civil society and promote a more inclusive, participatory approach to development.

Redefining the Bank's Approach to Development

Economic growth is essential to poverty reduction. However, development requires more than just a focus on macroeconomic and financial issues. Experience shows that looking at both sides—macroeconomic and financial aspects on the one side and structural, social and human considerations on the other—is essential to adequately support a country's future development.

Comprehensive Development Framework

In 1999, the World Bank introduced a proposal for a Comprehensive Development Framework (CDF) to promote a more holistic approach to development. The CDF requires a transition from donor-led development assistance strategies to the development of a country strategy led by the government itself. Partnership is at the heart of this approach, which demands full participation of civil society and private sector with the support of multilateral and bilateral organizations. The involvement of a country's civil society in defining its development policies, strategy and priorities is a key step toward building country ownership of the policy agenda.

Fundamentally, the CDF is a means of achieving greater effectiveness in reducing poverty. It is based on the following principles:

- a long-term comprehensive vision;
- ownership by the country;
- partnership with internal and external actors;
- a focus on development results.

The CDF is meant to be a compass—not a blueprint. How these principles are put into practice will vary from country to country depending on economic and social needs and the priorities of the stakeholders involved.

For more information, visit <http://www.worldbank.org/cdf>.

Poverty Reduction Strategies

In 1999, the Executive Boards of the World Bank and International Monetary Fund (IMF) endorsed the adoption of the Poverty Reduction Strategy Paper (PRSP) to form the basis for World Bank (IDA) and IMF concessional assistance to low-income countries—including debt relief under the Heavily Indebted Poor Countries Initiative.

Building on the principles of the CDF, PRSPs are designed by national authorities in broad consultation with stakeholders, including civil society. PRSPs are designed to describe and diagnose poverty conditions in a country and present a medium-term action plan to reduce poverty and generate more rapid economic growth.

The following three steps underpin the development of poverty reduction strategies:

1. understanding the nature and locus of poverty;
2. choosing public actions that have the highest poverty impact; and
3. selecting and tracking outcome indicators.

More information on Poverty Reduction Strategies can be found at <http://www.worldbank.org/prsp>.

Both the Comprehensive Development Framework and Poverty Reduction Strategies attempt to put the country in the driver's seat and seek national consensus on a country's development path through participation and consultation. Better coordination among a variety of stakeholders and a greater emphasis on partnerships can be a complicated process that may take more time and resources than top-down approaches. Although no one has a monopoly on solutions, engagement with civil society and other stakeholders can be a key element in finding a path to reducing poverty while achieving sustained, equitable growth.

The World Bank Group: *Promoting Environmental and Social Responsibility in the Private Sector*

In the past few years, private capital flows to developing countries greatly exceeded official assistance from the public sector. With this in mind, the World Bank Group works to promote sustainable private sector-led growth that emphasizes inclusion of the poor by engaging governments, civil society, local communities and private enterprises in efforts to build responsible private sector approaches to poverty reduction.

International Finance Corporation (IFC)

Founded in 1956, the IFC, the World Bank Group's private sector lending arm, is a global investor and advisor that is committed to investing in, and promoting sustainable projects that are not only economically viable, financially and commercially sound, but also environmentally and socially responsible. In consultation with civil society and its business partners, IFC has developed its own policies, procedures and guidelines designed to comply with World Bank Group standards and to protect the environment and promote social well-being in, and near IFC-financed project areas. These environmental and social safeguard policies and procedures, including public consultation, good practice guidelines and information disclosure policies, can be found on IFC's web site at <http://www.ifc.org/enviro>.

IFC is also committed to partnering with CSOs interested in private sector approaches to poverty reduction and environmental protection. IFC's Environmental Projects Unit identifies, structures and invests in projects with specific environmental and social benefits, often using funds from the Global Environment Facility (GEF).

Further information can also be obtained by visiting the section of the IFC's web site dedicated to NGOs and civil society at <http://www.ifc.org/ngo>. To contact IFC, send an email to ngorelations@ifc.org, call (202) 473-7711, or send a fax to (202) 974-4384.

Multilateral Investment Guarantee Agency (MIGA)

Founded in 1985, MIGA, the World Bank Group's agency to promote foreign direct investment, provides investment insurance against certain non-commercial risks to foreign investors in its developing member countries. MIGA is committed to ensuring that

the investments it facilitates through its insurance program are carried out in an environmentally and socially responsible manner. It only insures projects that comply with its environmental, social and disclosure policies.

For more information, visit <http://www.miga.org>.

Improving Accountability: IFC/MIGA Compliance Adviser/Ombudsman

Both the IFC and MIGA have a Compliance Advisor/Ombudsman (CAO), whose primary function is to investigate complaints that the IFC and/or MIGA have violated their environmental, social and/or disclosure policies and procedures, and to provide advice to IFC and MIGA management on complex environment and social problems. The CAO works with organizations, shareholders, CSO representatives and members of the business community to find workable and constructive approaches to dealing with environmental and social concerns, as well as complaints of people directly affected by IFC and/or MIGA financed projects. Whenever possible, the CAO seeks practical solutions designed to achieve positive outcomes for locally affected communities and private sector project sponsors.

For more information, visit <http://www.ifc.org/cao>. To contact the Office of the CAO, send an email to cao-compliance@ifc.org, call (202) 458-1973 or send a fax to (202) 522-7400.

Partnerships for Corporate Social Responsibility

The World Bank also promotes corporate social responsibility through a variety of business partnership programs, including Business Partners for Development (BPD). BPD was launched by the Bank and over 70 leading organizations from the private sector and civil society to demonstrate that tri-sector partnerships provide win-win benefits to all three parties, can be used widely throughout the world and can be scaled up to national and regional levels. BPD projects are underway in the areas of natural resources, water and sanitation, youth development and road safety. BPD focuses on providing momentum to leverage resources and expertise from a global network of influential advocates, reducing risk by allowing partners to shed the risk of operating alone and providing services to partners. The latter includes 'good practice' recommendations for development.

For more information on the World Bank Group's business partnerships, visit <http://www.worldbank.org/business>. For BPD information, visit <http://www.bpdweb.org>.

Working Together

The Bank's interaction with civil society falls into two broad categories: policy dialogue and operational collaboration.

Policy Dialogue

The Bank recognizes and affirms the value of exchanging opinions, information and experiences with CSOs. It seeks to do so in an open process of dialogue that covers a wide variety of development issues. While much of this dialogue to date has engaged advocacy groups, an increasing number of operational groups are contributing their expertise and recommendations to Bank studies and research, as well as helping to shape policy in areas such as forestry, resettlement and education.

Bank-CSO dialogue covers a diverse range of issues, but has been particularly noteworthy in the areas of poverty reduction, debt relief, structural adjustment and environmental and social dimensions of development. The Bank is firmly committed to a more inclusive and participatory approach to development, and broad-based policy dialogue is central to this goal.

Examples of Policy Dialogue

Fostering an Enabling Environment for Civil Society in the Arab World

Fostering an enabling environment for CSOs to function in, and contribute to a country's development agenda is an important issue for civil society in Arab countries. In 1999, workshops in Jordan were co-sponsored by the World Bank and the European Union, in partnership with the Friedrich Naumann Foundation and the Bunian Program for Capacity Building, to devise a legal



strategy and action plan aimed at improving the regulations and practices of associations in Arab countries. Legal experts from nine Arab countries and senior government officials attended the first workshop, entitled "Regulating Associations in the Arab World."

The meeting produced the Amman Declaration outlining criteria and principles regarding the rights and freedom of associations in the Arab world. Subsequently, legal experts and NGO network representatives from nine Arab countries attended a second meeting, entitled "Regulations of Associations in the Arab World—Strategies and Working Plan." At that workshop, participants launched the *Arab Initiative for Freedom of Associations*, based on the Amman Declaration.

Building upon the success of these meetings, the Beirut-based Association pour la défense des droits et des libertés (ADDL), one of the NGOs that initiated the project, was selected to undertake several follow-up measures. ADDL created and maintains an Arabic/Latin web site that will provide space to exchange legal knowledge; develop relationships with governments; prepare future studies; and disseminate and further develop the initiative

and its principles. In addition, with World Bank and Bunian support, ADDL published a book, entitled *Laws and Regulations Governing Associations in the Arab World*.

For further information, visit <http://www.arabifa.org>.

Participation in Country Assistance Strategies: The Case of Argentina

Country Assistance Strategies (CASs) are becoming increasingly participatory in nature. A CAS is the Bank's medium-term business plan for its involvement in a country and describes the level and composition of assistance to be provided on the basis of priorities in the country, as well as on the basis of the country's portfolio performance. Given the nature of CASs, many CSOs view them as an important vehicle that can influence the direction of a country's development agenda and priorities. The percentage of CASs created with civil society participation in recent years has been growing—up to 100 percent in FY 2000. Most have involved broad and substantial participation, including outreach into rural or high-poverty areas, as well as the involvement of CSOs in the planning of CAS consultations.

In Argentina, for example, staff in the country office met with more than 4,000 representatives from civil society in five regional

forums, as well as a national forum attended by senior government officials. At each forum, breakout groups were formed of participants from across social and economic divides, such as groups combining labor and church representatives with businessmen,



or community groups with academics. Up for discussion were 25 Bank papers on various sectors, including education, health, transportation, the judicial system and the financial sector.

The participatory approach yielded a highly collaborative and productive consultation. Recommendations, such as the creation of a national agreement on transparency to fight corruption and the incorporation of gender perspectives in impact analyses and in the formation of public policies, were included in CAS discussions between the Government of Argentina and the Bank. Following approval of the CAS by the World Bank Board of Executive Directors, the country management unit and the civil society team will implement a feedback and follow-up process. This process will include meetings with consultation participants, a dissemination note drafting lessons learned from the process, and a meeting with trade unions, business community, CSOs, national and provincial high authorities and congressmen in October, 2000.

For a more in-depth look at participatory CASs, visit the Participation Thematic Team's web site at <http://www.worldbank.org/participation>. The site features relevant studies, such as *Participatory Approaches to CAS Formulation in the Bank: A Review and Civil Society Participation in World Bank Country Assistance Strategies—Lessons from Experience, FY97-98*.

For more information on Argentina's experience, please visit <http://www.worldbank.org/laccs>.

HIPC Review Process

High levels of external debt have been increasingly recognized by a variety of stakeholders—including CSOs, governments and official development agencies—as a serious constraint on the ability of poor countries to pursue sustainable development and reduce



poverty. In response, the World Bank and the IMF launched the Heavily Indebted Poor Countries (HIPC) Initiative in September 1996. HIPC is designed to reduce debts to sustainable levels for poor countries that pursue economic and social reforms, and is used specif-

ically in cases where traditional debt relief mechanisms will not be enough to help countries exit from the debt rescheduling process.

Capitalizing on the intense public interest HIPC generated since its inception, the Bank and Fund conducted a thorough review of the HIPC Initiative in 1999. The six month, two-stage review was opened to the global public—including civil society, governments, academics and interested individuals—through a web-based consultation and a series of consultative meetings held in Ethiopia, Germany, Honduras, Mozambique, Norway, Togo, the United Kingdom and the United States. Altogether, the consultation generated more than 1,000 pages of detailed comments and proposals, which were delivered directly to the Boards of the Bank and IMF for review.

The consultation yielded a clear consensus: debt relief must be part of a comprehensive poverty reduction strategy comprised of a range of policies aimed at improved social programs, good governance and widely-shared economic growth. The contributions to the HIPC review from civil society directly resulted in the following:

1. a doubling of debt relief pledged by international creditors;
2. changes in order to accelerate implementation of the HIPC Initiative; and

3. the major policy decision to link concessional lending and debt relief to country-owned Poverty Reduction Strategies that are designed by governments in consultation with local civil society.

For more information, please visit the HIPC web site,
<http://www.worldbank.org/hipc>.

Operational Collaboration

Operational collaboration between the Bank and CSOs has greatly intensified over the last decade, and the Bank is committed to increasing both the quantity and quality of CSO involvement in Bank-financed projects. Historically, CSOs have most often worked with the Bank in rural and social sector projects—particularly those related to agriculture, education, environment, population, health and nutrition. In recent years, CSOs have also become more noticeably involved in less traditional sectors, such as mining and infrastructure projects.

CSOs can play a variety of roles throughout the project cycle. For example, during project identification, CSOs that are familiar with the area in question and enjoy links with local groups can provide both the Bank and the government with valuable knowledge and insight about local conditions and community priorities. They can inform local populations about the planned project, organize consultations with people affected by it and work with them to make their needs and concerns heard. They may also be contracted to provide the delivery of services or monitor the implementation and outcomes of projects.

For more information on the World Bank's project cycle, please see the box on the following page.

World Bank Project Cycle

Typically, the Bank's project cycle is a seven-step process which, depending on the scope and scale of the project, can take upwards of a decade to complete. Bank staff working as a team are in close contact with borrowers (governments) throughout the life of the project cycle. Each team is led by a task manager who may be assisted by a variety of technical and sectoral specialists in addition to regional team members. At various stages of the project cycle, there may be opportunities for CSOs to work with the Bank. Experience shows that Bank-CSO collaboration early on in the project cycle increases the likelihood of successful project results.

IDENTIFICATION The borrower carries out the first phase of the cycle, called identification, with the Bank's assistance, if necessary. While ideas for projects often come from the Bank's own economic and sector research, borrowers' development budget and feasibility studies, prior projects, other agencies (including CSOs) or a combination thereof, only governments can submit projects for Bank financing, reflecting agreed-upon development priorities, as outlined in the CASs and PRSPs. In some cases, CSOs have provided project ideas or CSO projects have served as a model for Bank-financed operations. The initial summary of the project is approved by the Bank's country department and released to the public as a Public Information Document (PID).

PREPARATION During preparation, the borrowing government is responsible for taking the project idea and transforming it into a detailed proposal based on sound economic, technical, institutional, financial and environmental analyses. Technical and financial assistance is usually available at this stage from the borrower itself, the Bank or other agencies. From helping to design an AIDS/STD program in Brazil to helping prepare a project on early childhood development in Mali, CSOs can play an important role in the preparation of Bank-financed operations. During this stage, for categories A and B projects—those classified as likely having adverse environmental risk—the Bank releases technical reports and the Environment Assessment (EA), which includes social assessments conducted as part of the project analysis. Social assessments are also contracted separately where indicated.

APPRAISAL At this stage, the Bank is responsible for undertaking an independent assessment of the project's viability and the analytical reports underpinning the proposal.

Findings and recommendations are summarized in a Project Appraisal Document (PAD) which, after being reviewed within the Bank, forms the basis for negotiations with the borrower.

NEGOTIATION During negotiation, the Bank and borrower reach agreement on the measures necessary for a successful project. The borrower reviews the final documents and both sides come to an agreement on the terms and conditions of the loan.

APPROVAL At this phase, the PAD is submitted to the Bank's Board of Directors for approval and, if the loan or credit is approved, both parties sign the agreement. The PAD or Technical Annex is released publicly.

IMPLEMENTATION/SUPERVISION In this next phase, the loan is declared ready for disbursement, the legal agreement is released publicly and the borrower is then responsible for implementing the project. The Bank plays an important role in supervision and, when needed, provides technical assistance. The most common form of CSO participation during the project cycle occurs during implementation. For example, the Family Welfare Urban Slums Project in India is enabling CSOs to expand and upgrade health and welfare services through awareness programs, women's empowerment activities and community participation. In Togo, the Grassroots Development Initiatives Project provided grant financing and technical assistance to enable CSOs to prepare, implement and manage community-level projects. CSOs may also help at this stage by providing expertise in social and environmental assessments, supervisory missions, mid-term reviews and restructuring of operations.

EX POST EVALUATION In the final phase of the project cycle, the project's outcome is measured against its original objectives. An Implementation Completion Report (ICR) is prepared by the country department prior to the anticipated project closing date and is distributed to the Bank's Board no later than six months after that date. Also, an independent department within the Bank, the Operations Evaluation Department (OED) is responsible for preparing a Performance Audit Report (PAR), which rates the development impact and performance of the completed project. Results and recommendations feed back into the design and implementation of policies and lending operations. Impact studies are released.

Examples of Operational Collaboration

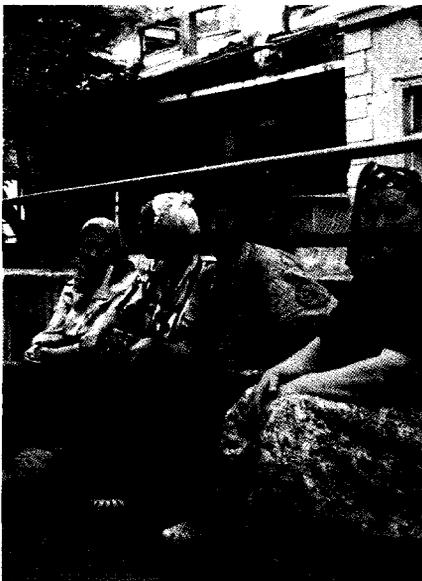
Reconstructing Bosnia: Building Small Businesses through Microfinance

Massive unemployment and the lack of a financial sector to help generate economic renewal were just two of the severe problems facing post-war Bosnia. With that in mind, the Local Initiatives Project (LIP) was conceived to provide small businesses with access to credit and capital through the development of sustainable microfinance institutions. Building on the success of a similar pilot project in Tuzla, government skepticism about the ability of CSOs to manage a lending program was eased through close collaboration and positive early results.

A competition was held among CSOs and banks to become partner organizations under the project, yielding 25 qualified applicants from a field of 70. Contracted applicants, known as Micro Credit Service Providers (MCSPs), received extensive technical training and assistance by microcredit experts. A mid-term review

assessed strong project success and recommended redefining the primary project objective from disbursing loans to facilitating the creation of independent, financially viable microfinance institutions providing credit to low-income entrepreneurs over the long-term.

With the active participation of borrowers in the design and the implementation of a microcredit program, the LIP has achieved strong program ownership coupled with very high repayment rates. As of early January, 2000:



- 15,000 microentrepreneurs were active borrowers with total loans of US\$16 million, far surpassing target goals of 10,000;
- 50 percent of the borrowers are women, many of them war widows;
- 24,420 jobs are estimated to have been created and/or sustained in 1999, with 43,500 jobs supported since project inception in 1997; and
- Seven out of eight MCSPs are operationally sustainable and are expected to reach full financial sustainability in the year 2000.

For more information, contact the World Bank office in Sarajevo, Bosnia, or visit <http://www.worldbank.org/ba>.

Enabling Civil Society to Protect the Environment in Gujarat State, India

The NGO Environmental Action Fund (NEAF) is one component of a larger program to assist the Government of India to implement its environmental priorities as outlined in its Environmental Action Program. The overarching goal of NEAF is to enhance the capacity of India to manage the environment by strengthening: environmental policy planning and administration; decentralization of selected environmental activities to local communities and NGOs; implementation of environmental law; and monitoring and compliance with laws and standards in targeted, fragile environmental areas.

The NEAF is aimed at decentralizing environmental activities to local communities and NGOs. As an environmental action fund, NEAF is unique in that it:

- is the first of its kind among Bank-financed projects;
- marks the first time the Government of India borrowed IDA credit for exclusive use by NGOs which receive the funds as a grant; and
- is administered by a committee—the Committee on NEAF, or

COMNEAF—which is comprised of representatives from the Government, NGOs and private sector.

To date, NEAF has funded 26 projects in Gujarat State tackling a variety of environmental issues, such as industrial pollution, bio-medical waste management, biodiversity conservation, forest and



water management and environmental education. While some of the funded projects are oriented toward action and research, many have generated socially acceptable and sustainable technologies to protect fragile ecosystems. In addition to enabling communities and citizen's groups to campaign for the protection of their environment, NEAF is remarkable for combining local action and protection with an eye toward poverty reduction.

Please contact the Bank's office in New Delhi, India or visit

<http://www.worldbank.org/in> for more information.

Making a Difference in Agrarian Reform: Civil Society in the Philippines

The Agrarian Reform Communities Development Project (ARCDP) assists the Government of the Philippines in strengthening farmers' and community organizations in agrarian reform communities (ARCs) to plan and undertake development activities that raise incomes and provide opportunities for sustainable growth. In particular, the project (i) assists reform communities and other farm families to gain access to productive resources, social and physical infrastructure; and (ii) helps the Comprehensive Agrarian Reform Program Agencies, local government units, grassroots groups and

civil society organizations to coordinate their ARC-related activities. The project has the following components: community development and technical support; rural infrastructure, including rural access, irrigation and community infrastructure; and agricultural and enterprise development, such as technical advisory/farm extension services, marketing assistance and credit services.

CSOs committed to agrarian policy reform helped win the approval and passage of The Comprehensive Agrarian Reform Law in the Philippines in 1988. The ARCDP is an important vehicle for grassroots and civil society organizations to carry out reforms they have worked for and is notable for establishing successful partnerships with CSOs at the national and regional levels. With help from the ARCDP, civil society groups provide a variety of services. These services include community organizing; identifying and validating community needs; developing community plans; capacity building; training communities on relevant technical content and technologies; and facilitating linkages and network building, especially on agricultural credit, productivity and marketing.

As of mid-2000, 1000 ARCs—comprising single or several villages—had been established by the Government's Department of Agrarian Reform since 1993. Of this total, the project has strengthened the organizational, managerial, technical and financial capacities of grassroots groups in 102 ARCs. Grassroots groups and CSOs have directly contributed to the building of capacity to a level that allows many ARCs to assume greater responsibility in ensuring the expansion and sustainability of the project. Notably, some grassroots leaders working in ARCs have developed networking skills and now successfully mobilize local resources from different agencies on their own.

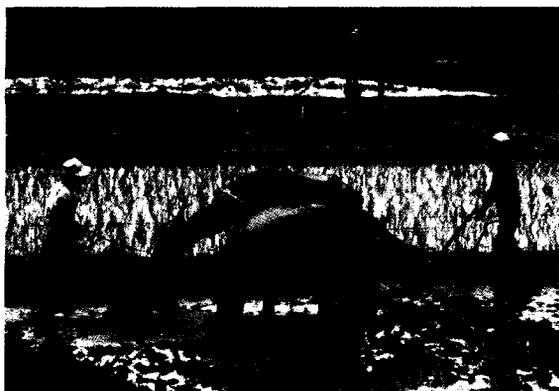
For more information, contact the Bank office in Manila, Philippines or visit <http://www.worldbank.org/ph>.

Social Funds

Social funds facilitate efforts by local communities and the poor to become actively involved in their own development. Social funds support small projects, ranging from infrastructure and social services to training and microenterprise development, which have been identified by communities and presented to the social fund for financing. Social fund authorities appraise, finance and supervise these grants, which may be managed by a wide range of actors, including local governments, CSOs, line ministries, community groups and local project committees.

Social funds are usually the quickest-disbursing part of the Bank's portfolio and are recognized for their ability to distribute financing more rapidly than other public agencies, thanks to their institutional autonomy and simple administrative procedures. Additionally, they are flexible, responsive to communities and local markets, help attract additional funding and improve coordination among stakeholders.

Social funds balance a tradeoff between rapid implementation of projects and building institutional and technical capacity—particularly in the poorest areas where more time, training and technical assistance are required. Also social funds must implement more active measures to reach the very poor, such as improved targeting and promotion of funds to poor communities, additional technical assistance and financial incentives to CSOs to expand work to remote areas.



and financial incentives to CSOs to expand work to remote areas.

CSOs operating in countries where social funds have been established can submit requests for financing of their projects to the national agency in charge of admin-

istering the fund. Each fund has its own pre-determined selection criteria, and different types of activities are supported under different funds. CSOs should therefore ensure that their project proposals are consistent with the criteria established by a specific fund before they submit proposals.

For further information, request a copy of *NGO Involvement in World Bank-Financed Social Funds: Lessons Learned* from the NGO and Civil Society Unit at ngo@worldbank.org, or download a copy from <http://www.worldbank.org/ngos>. The paper identifies key issues and lessons learned, while making a number of recommendations for improved collaboration with CSOs.

Challenges Ahead

Much progress has been made toward improving the quality and quantity of the Bank's engagement with civil society. However, much work remains in order to leverage fully the benefits of partnering with civil society. As an intergovernmental agency, the Bank is still learning how to balance the sometimes conflicting demands of governments and civil society; yet the Bank can play a crucial role in helping all stakeholders in development better understand one another's perspectives.

As we look to the future, key challenges include encouraging an enabling environment for civil society participation in public policy; building the capacity of CSOs and governments to work better together; and creating new and better opportunities for dialogue on emerging issues, such as global public goods and policies. The Bank firmly believes in the value of partnerships and looks forward to strengthening its partnership with civil society to address these and other challenges, in the mutual quest for poverty alleviation and sustainable development.

Frequently Asked Questions

Does the World Bank fund CSOs?

The Bank seldom funds CSOs directly. The most common way for a CSO to receive project funds is by working as a paid consultant or contractor to the borrower (government). Bank-financed projects are sometimes designed to include mechanisms for channeling funds to CSOs—the most significant examples is the social funds discussed earlier in this publication (see page 28). In addition, CSOs may be contracted directly by the Bank to fulfill a variety of specific functions, such as assisting with project design, implementation and supervision.

There are some programs, such as the Small Grants Program, that provide grants to CSOs. Grants are made almost exclusively to CSOs in developing countries and focus on socioeconomic development challenges, such as poverty reduction, environmental protection, cultural diversity, human resource development and private sector development. Information on this and other grant programs is available from the NGO and Civil Society Unit or from the country offices.

How many Bank-supported projects include CSO collaboration?

Every year, the NGO and Civil Society Unit produces a *Progress Report on the Bank's Relations with Civil Society*, which provides statistics on the Bank's collaboration with CSOs. Copies of the reports are available on the Bank's web site for NGOs and Civil Society, as well as through the NGO and Civil Society Unit.

How can I take part in policy dialogue between the Bank and CSOs?

At any given time, formal and informal dialogue covers a wide variety of issues and occurs on several levels—globally, regionally and locally. Dialogues can be open-ended or prescribed in length and may range from an electronic consultation open to the global public to formal meetings conducted through a secretariat. Also, the Bank contributes

as a full partner in a number of multi-stakeholder dialogues, such as the World Commission on Dams and the Global Environment Facility.

For those with access to the Internet, the Development Forum is an electronic venue for dialogue and knowledge sharing among members of the development community. Its focal point is an ongoing and expanding series of electronic development dialogues on key issues and challenges facing the development community and the world's poor. It places particular emphasis on learning from the experience of those who face these challenges in their daily lives. All dialogues are moderated and open to the public.

To take part in the Development Forum or find out more about it, please visit <http://worldbank.org/devforum>.

Additionally, the NGO Working Group on the World Bank (NGOWG) is a forum for CSOs in the Bank's borrowing countries to have a voice on global policy issues and World Bank institutional reform. Created in 1982, the NGOWG is decentrally organized with six regional working groups or assemblies that aim to broaden effective participation by civil society through advocacy and dialogue with the Bank. The NGOWG is self-selecting from interested CSOs that, alongside senior management from the Bank, jointly form the NGO-World Bank Committee.

To find out more about the NGOWG, visit their web page at <http://www.ngowgwb.org>.

Does the Bank have any training programs available for CSOs?

Yes, the World Bank believes that learning and capacity building are vital to the success of its lending programs. Bringing economic and social well-being to the largest number of people requires more than financial resources; it also means harnessing technologies to share the knowledge and experience that will help people improve their

lives. The World Bank Institute (WBI), the Bank's learning arm, conducts upwards of 400 different learning programs annually on a wide variety of issues related to development.

WBI helps its clients—usually governments that may nominate CSOs for participation in WBI activities—prepare for an increasingly knowledge-based economy. It does so by designing and delivering course seminars, promoting knowledge networks and communities of practice and providing policy and strategic advice. WBI programs aimed at civil society include an expanding range of services, such as civic association outreach and training programs geared toward strengthening civic associations' and community groups' ability to interact with governments, to grassroots management training programs aimed at meeting the different needs of male and female microenterprise managers.

For more information, visit <http://www.worldbank.org/wbi>.

How can I get copies of Bank documents?

The World Bank has a one-stop shop for public access to information called the InfoShop. The InfoShop is located at headquarters and houses all public Bank documents and publications—some of which are available at cost and others free of charge. The InfoShop also maintains an excellent web site, <http://www.worldbank.org/infoshop>, which allows one to search, order, download and print documents.

The World Bank's InfoShop
701 18th Street, N.W.
Washington DC 20433, U.S.A.
email: pic@worldbank.org
Tel.: (202) 458-4500 (to check availability of documents)

Public Information Centers (PICs) in Paris and in Tokyo offer similar services to those of the InfoShop and maintain libraries of recent World Bank publications. PICs in country offices worldwide offer proj-

ect documents specific to the country in which the office is located and often offer a library of recent Bank publications. Each PIC serves as the central contact in the country for persons seeking to obtain Bank documents and information on Bank's operations. Please note that Bank documents related to a specific country are available free of charge to citizens of that country. PICs are open to the public and visitors are welcome to stop by and get to know this valuable service.

What is the Inspection Panel?

The Inspection Panel is a three-member body created in 1993 to provide an independent forum to private citizens who believe that they or their interests have been, or could be, directly harmed by a project financed by the World Bank. Affected people may bring their concerns to the attention of the Panel by filing a Request for Inspection.

For more information, visit the Inspection Panel web site at <http://www.inspectionpanel.org>. To contact the Inspection Panel, call (202) 458-5200, send a fax to (202) 522-0916, or send an e-mail to lpanel@worldbank.org.

Does the Bank have a web site especially tailored to members of civil society?

Yes, the Bank actively maintains a web site for NGOs and Civil Society that contains general information on our work with civil society; relevant staff contact information; key documents, policies and thematic areas; and links to news and events.

The web site is located at <http://www.worldbank.org/ngos>.

How can I find out about latest developments, news and events pertaining to civil society?

A regular newsletter, *Civic Engagement at the World Bank: What's New*, detailing important information, such as upcoming consultations and online discussions, special events and new policy developments, is posted on the Bank's web site for NGOs and Civil Society. It can also be subscribed to by sending an email to ngo@worldbank.org.

How do I contact the World Bank?

Contacting the right individual can be time consuming. In order to help point you in the right direction, try these steps:

- For CSOs located in developing countries, it is best to make direct contact with the relevant country or regional office. Nearly all country offices have staff who can answer a wide variety of questions and provide valuable advice on partnership and dialogue.
- For CSO representatives who can visit Bank headquarters, it is best to know how your interest matches up with the Bank's structure. Generally speaking, if your interest lies in a country or regional context, it is best to contact assigned country office staff and sector specialists working in relevant country departments. Additionally, regional civil society coordinators are excellent reference points for civil society issues.

Beyond country specific project and collaboration questions, there may be overlap among a number of different departments. For questions related to policy dialogue and the Bank's relations with civil society, you may contact the NGO and Civil Society Unit or the Office of the Vice President of External Affairs. For sectoral issues, such as health and education, contact the appropriate network representative.

For a list of key individual contacts,
refer to the Bank's external web site for NGOs and Civil Society,

<http://www.worldbank.org/ngos>

send an email to *ngo@worldbank.org*,

call (202) 473-1840,

or send a fax (202) 522-1669.



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