Précis

WORLD BANK OPERATIONS EVALUATION DEPARTMENT SPRING 1999 NUMBER 177

Nongovernmental Organizations in World Bank–Supported Projects: A Review

THEY ARE ON THE GROUND, REACHING POOR communities and remote areas, identifying local needs, drawing in the marginalized, and providing services. In the last two decades, NGOs have been involved in a growing number of projects supported by the World Bank because of the experience they bring to emergency relief and participatory development. Since 1989, when the Bank adopted an Operational Directive to encourage staff and borrowers to involve NGOs in their activities, as many as half the projects approved each year have had some provision for NGO involvement. But the quality and depth of this collaboration are uneven.

A study by theOperations Evaluation Department (OED), with field work in Bolivia, Brazil, India, Kenya, and Mali, found that strong NGO involvement can contribute to project success. However, such involvement is not the norm, and many opportunities to benefit the poor are missed as a result. OED concluded that it is time for the Bank and its partners to adopt a more effective approach to the participation of NGOs in projects by exerting a positive influence on the environment in which NGOs operate, adopting more flexible procedures, and strengthening the monitoring of NGO participation—in short, ensuring that the Bank's guidelines are more closely followed.

Background

NGOs are typically entirely or largely independent of government, with humanitarian rather than commercial objectives. The Bank defines them as private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, and stimulate community development. Projects supported by the Bank involve both national and international NGOs, which act as intermediaries to support work at the grassroots level, as well as smaller community-based organizations (CBOs), which often include project beneficiaries themselves.

The Bank does not lend directly to these organizations, but encourages borrower governments to consult with and involve NGOs in the operations it supports. As of 1997, two-thirds of Bank-supported projects with provisions for NGO involvement were in the agricultural, health, and social sectors, and 70 percent of these projects have been approved since 1990. The highest number of projects with provisions for NGO involvement is in Africa, followed by Asia and Latin America. NGOs are far more likely to be involved in implementation and maintenance than in design. In projects with provision for NGO participation in 1997, 73 percent were expected to involve national NGOs; 71 percent, CBOs; and 15 percent, international NGOs.

The OED study was based on a desk review of NGO involvement in Bank-supported projects, a survey of task managers on the financing of NGOs, and an in-depth assessment of 37 projects in Bolivia, Brazil, India, Kenya, and Mali. The study focused on three central questions:

- Do NGOs increase the effectiveness of Bank-supported projects?
- What supports—or hinders—successful NGO involvement?
- Are there cases where NGO involvement is counterproductive?

Findings

The study found that the claims of NGO involvement in project data exceed the reality. Bank appraisal documents report only *planned* NGO involvement. Furthermore, the term *involvement* is interpreted so broadly that it has little meaning. OED undertook an analysis of the aggregate data on NGO involvement in Bank-supported projects but found it difficult to link participation of NGOs to outcomes, institutional development, or sustainability. In addition, the statistics do not accurately reflect the amount of funds supplied to NGOs. The task manager survey revealed that few projects track these flows. As a result, the Bank cannot assess NGO cost-effectiveness, nor can it compare projects that include NGOs with those that do not.

Although NGOs make valuable contributions to projects, there are significant gaps between objectives and results. Of the 37 projects surveyed in depth, NGO involvement was rated as unsatisfactory in 19 cases (table 1). But 12 of the projects were judged to be satisfactory and 6 were rated as highly satisfactory. Many of the better performers were under preparation or approved since 1995, suggesting improved preparation and implementation among more recent projects. Positive outcomes were seen when NGOs were involved early, chosen for their proven capacity and experience, and treated as partners rather than as contractors (all in keeping with the Bank's guidelines). But such good practice is not institutionalized. The successful involvement of NGOs often depends on individual Bank or government staff who understand the organizations and take direct action.

TABLE 1: Outcome of NGO Involvement in Selected Bank-Supported Projects

	All Projects		Post-1995 Projects	
	No.	%	No.	%
Highly satisfactory	6	16	1	11
Satisfactory	12	32	5	56
Unsatisfactory	19	51	3	33
Total	**37**	**100**	**9**	**100**

Further, the study found that the Bank does not tap the talents of bilateral organizations, foundations, or other potential partners that have developed deep understanding and knowledge of the NGO community through long-term field experience. Contracting and consulting procedures are inflexible, and government funding of NGOs is slow and erratic, which frustrates the efforts of small, non-profit groups. Involvement of NGOs is rarely monitored. Indeed, the review found that information about NGO participation is often not kept in project files, but in task managers' heads and in unofficial records.

What fosters—and hinders—the involvement of NGOs

OED found that "several things have to be done well by all the partners" for projects involving NGOs to succeed. The main factors that encourage NGO involvement include providing a supportive environment for NGOs; building on their proven field experience; working with NGOs that are able and willing to grow in order to participate in large, Bank-supported projects; promoting participation by screening and recruiting NGOs skillfully and involving them early in the project; bringing beneficiaries into the project by encouraging NGOs to act as intermediaries; disbursing funds to organizations smoothly and on time; monitoring and evaluating projects and results; and communicating effectively to improve working relationships and solve problems.

At the same time, only a few things have to be done badly for a partnership with an NGO to perform poorly or fail. Hindrances include low ownership of programs by borrowers unsympathetic to, or unsure of the need for, NGOs; lack of familiarity among borrowers with the NGO community; nonparticipation by NGOs, which leads to weak local ownership; lack of critical details in the specifications for an NGO's role; poor channels of communication; provision of insufficient information to NGOs about how projects will operate; overmanagement of NGOs by the project implementing agencies; and overly complex procedures to hire and fund NGOs.

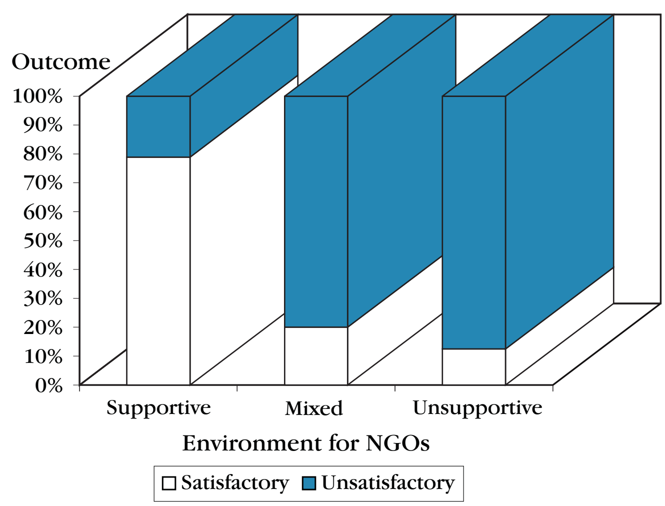
OED suggested that there are times when NGOs should not be involved in Bank projects. First, procedures may be ill-adapted to NGO capacities. For instance, the sporadic flow of funds from governments can stretch an NGO's financial resources and put its programs at risk. Second, support for NGO involvement may not be sustained as expected through the life of a project. Third, Bank-supported projects may negatively affect NGOs if they impose unrealistic expectations and timetables on processes such as participatory work with communities.

Recommendations

Success can be achieved if the Bank ensures that its guidelines on NGOs are used more effectively. OED recommends the following:

- *Partnerships*. The Bank and borrowers should develop strategic partnerships with donors, foundations, and others more experienced in working with NGOs.
- *Supportive Environments*. The Bank should encourage governments to create an enabling environment for NGOs through its policy dialogue with borrowers and the promotion of good practice in country laws regulating NGOs.
- *Capacity Building*. The Bank should improve its ability to support partnerships by helping NGOs in each country to understand the Bank and how it works and by recruiting country NGO specialists. It should help borrowers strengthen their capacity for partnerships with NGOs and explore the use of adaptable lending instruments. Resources are needed to build NGO strengths beyond actual projects: task teams should be trained to realistically assess NGO capacities and help NGOs understand business practices.
- *Planning for NGO Involvement*. To foster more inclusive and participatory project preparation, the Bank should help borrowers establish a clear rationale for NGO involvement; identify and recruit NGO partners based on proven competence; engage relevant NGOs early in the design of a project; and include rules of partnership in the Project Implementation Plan. To avoid the inflexibility and sporadic, unpredictable funding that hamper small, non-profit partners, the Bank should simplify business procedures; provide guidelines for reasonable costs for contracts with NGOs; and help borrowers use simple and accountable mechanisms for the transfer of funds to NGOs.
- *Monitoring and Evaluation and Knowledge Management*. The Bank and borrowers should ensure that NGO participation can be monitored before projects are approved; provide incentives to make such oversight simple and low in cost; encourage joint evaluations between partners; and routinely seek beneficiary views. Finally, the Bank should develop a new NGO database that compiles reliable country data on actions planned and taken, resources applied, and results achieved.

FIGURE 1: The Environment as a Determinant of Success of NGO Involvement



Management response

Bank Management agreed with the thrust of OED's conclusions and recommendations, beginning with improving the use of Good Practice 14.70, which offers guidance on dealing with NGOs (replacing the earlier Operational Directive). Efforts are under way to learn from governments, donors, foundations, and others about collaboration with NGOs, to form strategic partnerships at the institutional level, and to improve support for NGOs among governments. In cooperation with the Bank's NGO Unit, the Resident Missions and Regional Social Development Units (RSDUs) will have greater roles in monitoring and in information dissemination. Management agreed that the rationale, rules, and mechanisms for financing NGO involvement should be established early, but felt it would be burdensome to single out the funding of NGOs for special monitoring. Management views the existing mechanisms for financing NGOs as adequate, although it will continue to explore opportunities to improve business procedures and encourage flexibility.

While agreeing with most of the recommendations, Management pointed out that much of OED's review deals with older projects and thus does not fully reflect recent developments in Bank-NGO collaboration. In the last two years the Bank has increased its work with NGOs and has designated NGO-specialist staff to improve collaboration and dialogue among governments, NGOs, and the Bank. Outreach programs are being expanded to enhance NGO understanding of the Bank and its business practices. Management agreed that the long-observed practice of identifying "projects with NGO involvement" through statements of intent at appraisal overstates actual involvement. The Bank is now strengthening monitoring by tracking projects with intensive NGO involvement and putting more emphasis on field-level reviews.

The Committee on Development Effectiveness (CODE) of the Bank's Board of Executive Directors agreed with most of OED's recommendations and noted Management's constructive response to the study. The Committee stressed that the Bank should help borrowers understand and appreciate the value of NGO work in their countries and support governments in developing better regulatory frameworks for NGOs. The Committee emphasized the need to change attitudes within the Bank to be more sympathetic and willing to work with NGOs.

The Sodic Lands Reclamation Project, Uttar Pradesh, India: A Strong Partnership Among Government, NGOs, and CBOs

SINCE 1945, THE GOVERNMENT OF UTTAR Pradesh in Northern India has tried to reclaim 1.2 million hectares of farmland that has fallen prey to sodicity. This condition occurs when salt rises to the surface because of overwatering by large irrigation schemes, rendering the soil unproductive. But attempts to improve the dense, white, highly alkaline soil were unsuccessful, the result of a top-down approach in projects, little involvement of small, low-caste landowners, and poor project monitoring and evaluation. In the 1980s, however, a local NGO, Sarvodaya Ashram, began to organize farmers to reclaim their land. The success of this approach eventually led to the Sodic Lands Reclamation Project, which was approved by the Bank in 1993. The project builds directly on Sarvodaya Ashram's experience and works with CBOs and NGOs.

Despite a relatively weak NGO movement in Uttar Pradesh and an unsupportive, even "hostile" environment for government-NGO collaboration, the project has an impressive record, helping farmers in some of the poorest regions of the state. The successful partnership of government and NGOs was supported by the following factors:

- Highly motivated project and NGO staff engaged in a continuous learning process
- Participatory project management through a unit that mediates between the government and NGOs
- Clearly defined roles and responsibilities for all actors
- Regular and transparent information sharing among all involved parties
- Professional, independent monitoring and evaluation.

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1-202/458-5454
fax 1-202/522-1500
e-mail pic@worldbank.org.

Please address comments and inquiries to the Editor-in-Chief, Elizabeth Campbell-Pagé, tel: 1-202/473-5365, fax: 1-202/522-3125, e-mail: ecampbellpage@worldbank.org

Please address publication requests and inquiries to OED, tel: 1-202/458-4497, fax: 1-202/522-3200, e-mail: eline@worldbank.org

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