

The World Bank and Development: An NGO Critique and a World Bank Response

Editors' Introduction

Many non-governmental organisations (NGOs) have long been critical of the policies and practices of the World Bank. A summary of much of this criticism was contained in a position paper prepared by the NGO Working Group on the World Bank in December 1989. The preamble (which sets out the context within which the paper was prepared) and executive summary of this position paper are reproduced below. In March 1990 the World Bank produced a response to the NGO position paper and a summary version of this response, especially prepared for the Trócaire Development Review, is also reproduced below. By publishing summaries of both positions we hope to clarify some of the areas of dispute and contribute to a more informed and constructive debate in the future.¹

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 principal 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.

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.

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 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 focuses 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 focused 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 these 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 policy makers 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 measures 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 organisations 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-focused 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, policy makers 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 context. 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 cooperation 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 endeavour 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 conditionality 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.

A World Bank Response to the NGO Working Group Position Paper on the World Bank²

1. Over the last several years, interaction between the World Bank and non-governmental organisations (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 quarter 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.

2. 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 often provided helpful advice.

3. 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 summarise what Committee NGOs have been saying to the Bank over the last few years. This is the Bank's response.

The need for change

4. 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 racked 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.

Industrial country policies

5. 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 wish NGOs would devote more effort and analysis to industrial-country policies that affect the developing countries.

6. Weaknesses in the management and coordination of economic policy among the industrial countries continue to cause serious problems for the developing countries. The World Bank estimates that industrial country trade protection reduces developing country national income by roughly twice the amount provided by official development assistance. The Bank has also consistently urged the industrial countries to provide additional finance to help highly indebted developing countries recover economic growth.

Developing countries and the global economy

7. 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 development.

8. Export-oriented East Asian countries have achieved excep-

tional 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 1980s, their outward orientation had helped to prepare them for a relatively quick and successful process of adjustment. Most Latin American countries, by contrast, have long pursued an import-substitution model of development. 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. Africa has suffered from low commodity prices, but its share in the world market for non-oil commodities has also declined, mainly as a result of misguided domestic policies.

9. 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.

The World Bank: an agent of distortion?

10. Voting shares among the World Bank's member countries are roughly in line with cumulative financial contributions. The industrial countries together control 60 per cent 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 programmes.

11. 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, International Development Association (IDA), provides credit to low-income developing countries at zero per cent interest with a repayment period of 40 years, but the Bank itself lends at near-market interest rates for 15 to 20 years. Borrowing 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.

Structural adjustment

12. 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 (IMF) 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, emphasising 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.

13. Adjustment programmes 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. 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.

14. There have been serious problems with adjustment lending. The most important problem is that some countries have not sustained their adjustment efforts. We need to do more to assure that borrowing member governments really 'own' their adjustment programmes. Moreover, 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. The Bank is now urging, and in some countries helping to arrange, debt relief for both commercial and official debt. Finally, most African economies have proved slow to respond to changed incentives. 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 countries continue to increase aid for low-income African countries.

15. In many countries which have received adjustment loans, the Bank has also helped design special programmes to reduce the social cost of economic problems and of adjustment. Bank-supported adjustment programmes now often protect health and education expenditures of importance to the poor. More importantly, 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 favour 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 labour-intensive manufacturing)

Structural transformation?

16. 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 effort 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 cost of further disrupting relations with commercial creditors are likely to be even higher than the costs of trying to maintain debt service payments.

17. 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

18. 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 in our view, 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.

19. 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.

20. The Bank does sometimes support land reform, but land reform is always politically difficult (even more so than the most controversial measures that feature in typical adjustment programmes). 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 programmes, or increased land taxation, and the Bank is supporting efforts along these lines in a number of countries.

Urban problems

21. Government employment and services are concentrated in urban areas, so government cut-backs have affected urban areas disproportionately. 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.

22. 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 subsidise its cities indefinitely. The longer this adjustment is delayed, the more brutal it will be when it can no longer be avoided.

Adjustment and women

23. 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 programmes, but the NGO Position Paper is right to argue for more attention to how women are affected by economic crisis and adjustment. The Bank is devoting increased attention to gender issues in project design and in its policy dialogue with governments. Gender issues are analysed 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

24. 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 criticised on environmental grounds and is putting considerable emphasis on the environment in current operations.

25. The Bank has long assessed the poverty impact of many projects and it has periodically reviewed the poverty impact of its total lending programme. 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 quarter of all Bank-financed projects, including most of the large infrastructure projects. 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.

26. 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

27. The Position Paper urges the Bank to involve NGOs in shaping policies and plans, not just in implementing Bank-financed programmes. We listened to that recommendation from the NGO Working Group several years ago, 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 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 should have been updated to take into account the extent to which the Bank has already drawn on past discussions of the NGO-Bank Committee.

Popular participation and access to information

28. Development planning can be improved through public debate and especially through consultation with affected communities. The Bank has taken several steps over the last year to make more information about Bank operations publicly available. Since the principal responsibility for informing people about official development plans rests with governments, the main step we have taken in this area (as discussed above) is to highlight the importance of public participation in the Bank's new policy regarding environmental assessment.

Balance and tone

29. The Position Paper has almost nothing positive to say about national governments or about markets and commercial enterprise. It 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. 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.

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

Footnotes

1. Full versions of the NGO position paper and of the Bank's response are available from the NGO Working Group Secretariat, ICVA, 13 rue Gautier, 1201, Geneva, Switzerland, and from Mr David Beckmann of the World Bank, 1818 H Street, N. W., Washington, D.C., U.S.A. We are grateful to Mr Beckmann, Mr Enrique Fernandez and Ms Maria Elena Agüero de Araneo of the NGO Working Group, for their cooperation in the preparation of this article.
2. This is a summary version prepared by the World Bank's Strategic Planning and Review Department for publication in *Trócaire Development Review*.

