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## Transparency for accountability: civil-society monitoring of multilateral development bank anti-poverty projects

*Jonathan Fox*

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### Background

The multilateral development banks (MDBs) have significantly increased their lending for 'targeted' anti-poverty projects since the early 1990s, but few systematic, independent, field-based assessments of their effectiveness are available. In spite of much-improved civil-society monitoring of MDB environmental and macro-economic impact, field-based analysis of their anti-poverty lending has lagged behind.

Monitoring and evaluation (M&E) is necessary to provide feedback to development decision-makers and stakeholders regarding what kinds of anti-poverty programme work and why. M&E is also necessary to hold policy-makers accountable for policies and programmes that do not work, and it is therefore an essential component of good governance. Yet billions of dollars of international development aid continue to flow without systematic M&E. While donor-agency policy-makers may believe that they know the destination and impact of their funds, without independent confirmation they are essentially relying on information that comes from interested parties, such as borrowing-government agencies, and donor-agency staff associated with the same programmes.

Institutions based in civil society could contribute to increased effectiveness of anti-poverty investments by generating reliable analysis of the distribution and impact of anti-

poverty aid flows. Independent information and analysis is necessary but not sufficient, however. In order to have 'pro-accountability impact', this information must become public and reach key stakeholders — including both the ostensible beneficiaries and the donors.

A recent World Bank evaluation of its own portfolio underscores the serious issues at stake. As of late 1995:

*... a reduction in the failure rate of completed Bank operations has proven elusive. Today, about a third of Bank-financed projects are rated as 'unsatisfactory' by OED {Operations Evaluation Department} upon completion. And the failure rate has been stuck at about this level for five years.<sup>1</sup>*

Since this assessment is based on the Bank's own data, which other OED studies of M&E have found to be open to serious question, it is probably an underestimate of the problem of effectiveness. Within the World Bank, the limited reliability of M&E information from operational staff has been clearly documented by the Bank's own evaluation department. The most comprehensive study of M&E within World Bank projects was carried out by OED in 1994; it found as follows:

*It has been Bank policy since the mid 1970s to promote monitoring and evaluation (M&E) of project implementation ... the overall results of the 20-year M&E initiative have been disappointing ... the history of M&E in the Bank is characterised by non-compliance.<sup>2</sup>*

The study found that projects planned little M&E: 'The 1989 {policy} called for effective M&E in all projects, but this mandate has been respected in less than half the projects where strong M&E should have been installed' (p. v). More M&E was planned in projects in the sectors of agriculture, education, health,

population, and water supply than in other sectors, and these are mainly poverty-targeted sectors. But even where M&E was planned, performance was poor. These findings should not be surprising, since neither Bank operational staff nor borrowing-government agencies have any incentive to be monitored and evaluated – especially by others. This underscores the importance of encouraging other channels for M&E, ‘independent of the mainstream bureaucracy but with access to it’, according to OED.<sup>3</sup> Yet the rest of the World Bank has not, so far, been able to create its own demand for evaluation, since management still does not encourage staff to build effective M&E components into projects. Therefore support and demand must come from outside MDBs and borrowing governments. Here, pro-accountability actors in civil society in both donor countries and developing countries share a common interest in greater transparency as a path towards greater accountability and more effective MDB anti-poverty investments.

### Bringing in civil society

Independent and sustained M&E is part of the broader process of strengthening civil society’s capacity to hold both governments and MDBs accountable for development-policy decisions. Strengthening accountability is easier said than done, however. Because of the vast diversity between and within regions, countries, and sectors, it is inappropriate to propose any single pre-designed M&E strategy. Effective approaches need to be tailor-made for each policy area and socio-political environment. Nevertheless, civil-society M&E efforts do face some common challenges, including the following.

#### *Learning from below*

One of the main advantages of independent M&E initiatives is their capacity to cross-check official data with field evidence, and by direct consultation with ostensible beneficiaries.<sup>4</sup> This is crucial for assessing the difference between the delivery of services on paper and in practice. For example, water pipes may have been

installed, but that does not mean that safe water actually flows. Schools may be built, but lack teachers or books. Clinics may be open, but staff may be abusive or absent. This process involves surveying non-beneficiaries too, to find out which groups may have been excluded and why. Compared with other kinds of MDB-funded project, such as large infrastructure investments, anti-poverty projects are highly dispersed and therefore assessment is highly labour-intensive.

### *Building networks*

Civil-society M&E efforts also face the challenge of building channels of communication with government and MDB officials. Without some degree of access to officials who design and implement policy, it is very difficult to compare the official claims of resource allocation with actual patterns and impact. In many countries, access to such information is largely discretionary. MDB information-disclosure policies, while much improved since 1994, do not cover the level of disaggregated data needed to monitor flows and impact on the ground. Access to policy-makers is also critical for developing effective strategies to feed M&E findings back into the policy process. Local and international supporters of independent M&E capacity-building face the challenge of creating the necessary political space and respect for autonomy *vis à vis* both governments and donor agencies. This process usually involves building *de facto* coalitions both with pro-reform policy-makers (if any) and with pro-accountability stakeholders in civil society.

### *Producing reliable generalisations*

Civil-society M&E efforts need to steer clear of sterile academic debates about M&E methodologies. For example, World Bank economists insist on the importance of comparing outcomes with a hypothetical counter-factual (what might have happened in the absence of the intervention).<sup>5</sup> Sophisticated social-science debates focus on how to determine causes of impacts, but most are based on two flawed assumptions. First, they assume that the factual information about outcomes is reliable, which OED’s studies

of the World Bank M&E suggest is inappropriate. Second, they assume that sophisticated statistical techniques can add rigour to arguments which are based on hypothetical assumptions. The key challenge is to find out who is getting what, as quickly as possible. Reliable generalisations involve the following procedures:

- Specifying indicators clearly and over the whole policy-implementation process. This includes indicators of policy 'inputs', such as the distribution of programme spending across localities or regions; indicators of policy decision-making processes (why resources were allocated where they were); indicators of 'outputs' (services actually delivered or investment actually made); and indicators of outcomes (such as whether incomes rose, health improved or local producers' organisations were strengthened).
- Monitoring representative samples of areas, communities, groups, or individuals ostensibly targeted by the project or programme. Listening to beneficiaries is often dismissed as a qualitative exercise and therefore anecdotal, but listening to large numbers of representative beneficiaries produces data that can be aggregated, opening a large window on the big picture. Combining the advantages of both qualitative and quantitative methods is critical.
- Monitoring unplanned programme impacts. Many development interventions have significant effects which were not considered among the original official goals. Indeed, the whole point of independent M&E is to discover what actually happened, whether or not it was 'supposed' to have happened. This includes both positive spill-over or multiplier effects, such as reinforcing poor people's organisations and voice, as well as negative 'externalities', or perverse institutional effects, such as the strengthening of local authoritarian bosses in the name of 'participatory decentralisation'.

### *Building credibility both above and below*

Producing reliable data and analysis is not enough: results must also *appear* to be reliable.

Independent M&E units face the challenge of constructing an image of credibility among a wide range of stakeholders, ranging from project 'target groups' to the media, other researchers, government policy-makers, and international donors. By contributing to a climate of constructive, informed public debate over development policy, and by promoting the principle of public accountability, civil-society M&E efforts can help to strengthen an enabling environment within which representative organisations of low-income people can gain greater voice and leverage over the public sector.

### *Making findings public*

Development agency files are filled with critical evaluations which made no impact because they remained confidential. M&E is likely to make a difference only if it can be used as a tool by actors who favour change, whether they be poor people's organisations or officials in government or international agencies willing to challenge the vested interests that benefit from the *status quo*.

Civil-society M&E units face the challenge of promoting *two-way* information flows. From the bottom up, they need to channel their findings about the results on the ground to policy-makers and opinion-makers. From the top down, they need to disseminate information about what projects were supposed to do among their ostensible beneficiaries. By making public a project's goals and targets, questions and claims from low-income citizens' organisations can be legitimised. Moreover, if low-income groups learn that they were denied access to loans contracted in their name, they have more reason to support future independent monitoring efforts, and to use that information to influence the policy process to promote more effective investments and service delivery. In this context, promoting these two-way information flows in real time is crucial, so that the pro-accountability actions can be taken *before* project investments have been fully disbursed.

### *Institution-building*

In some countries, or regions within countries, researchers may need additional training to

develop the capacity for policy monitoring and analysis that both fits with local realities and meets international standards. To have maximum pro-accountability impact, independent M&E needs to be systematic, timely, and rigorous. This involves significant capacities for field outreach and for analysis and dissemination. Independent M&E thus requires institutional capacity, though not necessarily large investments in infrastructure or overheads. The key resources are human: institution-building depends primarily on experienced field researchers, committed to the principle of public accountability, and willing to take the risks inherent in asking sensitive questions about how public funds are used.

### Cost-effectiveness

Some sceptical MDB economists question the cost-effectiveness of investing in M&E, and the usual MDB practice of bringing in expensive international consultants to produce confidential reports is open to question. If a bottom-up, independent M&E effort is linked to pro-accountability strategies, however, then allocating a small proportion of an anti-poverty loan is likely to pay off. For example, assume that one per cent of a \$100 million rural health project is invested in independent M&E. Without informed debate in civil society, a significant fraction of the \$100 million is likely to be used inefficiently, or some large fraction of the services is likely to be of low quality. With the small investment in transparent M&E, those significant fractions can be reduced to small fractions, through civil-society debate which focuses on the bottlenecks and problem areas. In this kind of proactive, real-time investment-monitoring scenario, independent M&E pays for itself within the terms of the project — because fewer project funds are wasted. This is hardly a new concept, yet billions continue to be lent without the benefit of such a strategy of ‘effectiveness through accountability’.

In this scenario, questions about the cost-effectiveness of investing in independent M&E should address the famous ‘counter-factual’: what are the costs, in wasted resources, of *not* investing in independent M&E?

## Concluding notes

Two different kinds of civil-society initiative stand out as important experiments.

In India, the NGO Public Affairs Centre has pioneered the use of opinion surveys to find out which public services are more and less effective. With a sophisticated combination of quantitative and qualitative research, the Centre develops a clear ranking of public agencies, from most to least effective and most to least responsive to their citizen-clients. The results are disseminated through the local and national media. While not focused specifically on MDB-funded projects, this strategy is highly relevant for the many public-service provision projects funded by MDBs, especially in urban areas.<sup>6</sup>

In Mexico, the NGO *Transparencia* focuses specifically on MDBs involved in rural poverty-related projects. It is developing the capacity to promote the kind of two-way information flows described above, providing timely and translated information about on-going and planned anti-poverty investments to representative grassroots organisations, while analysing and disseminating findings about the actual performance of anti-poverty projects.<sup>7</sup>

The Public Affairs Center focuses on civil society in terms of individual ‘clients’ of public services, and relies on the mass media to provoke the public debate necessary to turn information into pro-accountability public action. *Transparencia* adopts a more low-profile, coalition-building approach which is also part of a targeted pro-accountability strategy. It concentrates on building project-specific partnerships with grassroots organisations of the rural poor, sharing information, and advising them on different options in terms of how to approach both government and MDBs.

Both approaches focus on providing reliable and credible information to other actors in civil society. They are therefore not primarily advocacy organisations; instead they try to facilitate constructive participation by a wide range of civil-society actors in the policy process.

Civil-society M&E units will choose widely varying methodologies and strategies for influencing policy, and there is a great deal of

room for experimentation and South–South learning. Before that can happen, however, private-foundation funders and international donor agencies need to decide whether independent M&E capacity-building is a worthwhile investment.

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## Notes

- 1 Operations Evaluation Department, 'Process Review of the FY95 Annual Report on Portfolio Performance (ARPP),' Washington: World Bank, Nov. 22, 1995, Report No. 15113
- 2 Operations Evaluation Department, 'An Overview of Monitoring and Evaluation in the World Bank,' Washington: World Bank Report No. 13247, 30 June 1994. See also the follow-up report, 'Monitoring and Evaluation Plans in Staff Appraisal Reports Issued in Fiscal Year 1995,' Washington: World Bank Report No. 15222, 29 December 1995, which found little change in terms of management support.
- 3 Operations Evaluation Department, 'Building evaluation capacity', *Lessons and Practices*, November 1994, p. 2. Here OED claims to support the building of evaluation capacity, but recognises that its record has been 'mixed' (p. 3).
- 4 A few World Bank analysts promote 'beneficiary assessments,' but they are marginal to most projects. See for example, Lawrence Salmen, 'The listening dimension of evaluation' in Operations Evaluation Department, *Evaluation and Development: Proceedings of the 1994 World Bank Conference*, Washington: World Bank, 1995. Most recently, see Deepa Narayan and David Nyamwaya, 'Learning from the Poor: A Participatory Poverty Assessment in Kenya,' Environment Department Papers, No. 034, World Bank, May 1996. Partnerships between NGOs, the World Bank, and governments for the purposes of evaluation are just beginning to emerge. Overall, NGO collaboration was involved in 41 per cent of projects approved in FY1995. Within this group, approximately 20 per cent involved some NGO role in evaluation (Operations Policy Group, 'Cooperation Between the World Bank and NGOs: FY 1995 Progress Report', March 1995 draft, p. 5). However, these NGO evaluations could have been confined to very small subsets of project activities. For discussions of monitoring participation, see Norman Uphoff, 'Monitoring and evaluating popular participation in World Bank-assisted projects,' and Christopher Ward, 'Monitoring and evaluation,' both in Bhuvan Bhatnagar and Aubrey Williams, eds., *Participatory Development and the World Bank*, Washington: World Bank Discussion Paper, No. 183, 1992.
- 5 See, for example, Lyn Squire, 'Evaluating the effectiveness of poverty alleviation programmes', in Operations Evaluation Department, *Evaluation and Development: Proceedings of the 1994 World Bank Conference*, Washington: World Bank, 1995.
- 6 See Samuel Paul, 'Evaluating public services: a case study on Bangalore, India,' in Operations Evaluation Department, *Evaluation and Development: Proceedings of the 1994 World Bank Conference*, Washington, World Bank, 1995.
- 7 For one such study, see Jonathan Fox and Josefina Aranda, *Decentralisation and Rural Development in Mexico: Community Participation in Oaxaca's Municipal Funds Programme*, La Jolla: University of California, San Diego, Center for US–Mexican Studies, Monograph Series 42, 1996. For more recent reports in Spanish, contact *Trasparencia* at Avenida de los Maestros 91-8, Colonia Santo Tomas, CP 11340 Mexico, DF, +(52 5) 341-3184. E-mail: <trasparencia@laneta.apc.org>

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## The wrong path: the World Bank's Country Assistance Strategy for Mexico

*Mary Purcell and Carlos Heredia*

Under the leadership of President James Wolfensohn at the World Bank, a greater emphasis has been placed on the Country Assistance Strategy (CAS) paper. This document lays out a strategy for the Bank's lending operations in a given country. It is updated every year for large countries like Mexico, and every two to three years for smaller countries.

According to Bank officials in Washington, even more importance will be placed on the CAS in Latin America in coming years. In a few countries in Africa and Asia, the process of developing the CAS has been opened up to include the opinions of some members of civil society. In Latin America, however, no CAS has been developed with public participation. Although the Bank's information policy does not require it to release the CAS, in many countries it has been circulated publicly. In Mexico, however, the CAS remains a secret document.

Among organisations of civil society, there are different opinions about the importance of the CAS in our work. Since it lays out the overall direction and objectives of Bank lending, its content is important to many groups seeking to influence Bank policies in their country. At the same time, however, it must be recognised that there is an important difference between what

the CAS is supposed to be (a development strategy) and what it really is (a public-relations document geared to creditors).

In drafting the Mexico CAS, the Mexican Finance Secretariat called together representatives from the various Secretariats (Agriculture, Labour, Environment) and the government development banks for two weeks of meetings in which each Secretariat presented its analysis of the current situation, and its objectives for the upcoming year. This information was then incorporated into the CAS. No non-government entity participated in the process, nor did that idea ever emerge as a possibility.

When Equipo Pueblo requested a copy of the 1995 CAS (written in May that year), an official at the Mexico City Resident Mission of the World Bank (now called the Mexico Department) played down the importance of the document, saying that it would probably not be of much use to us. One week later, the same official sent word that the Bank would not give us a copy of the document. (We assumed that the government had something to do with the decision.) We then obtained the document through colleagues in Washington. But our experience illustrates the fact that policy changes and improved rhetoric issuing out of Washington have yet to trickle down to many Resident Missions. It also shows that the government has an important say in what information the Bank Missions will share. In fact, the new Operations Manager at the Bank's Mexico Department told us that they would be willing to initiate a participatory CAS as soon as the government agrees.

## Content of the CAS: mistaken analysis and priorities

Given the nature of the process — one of government Secretariats emphasising their priorities — it is not surprising that the content of the 1995 Mexico CAS is highly disappointing. It uses the same outdated analysis to explain the economic crisis, and offers the same failed remedies, which we feel have proved incapable of addressing Mexico's structural impediments to development. Throughout the document,

monetary issues are emphasised over social or economic issues. The Mexico CAS illustrates the misguided priorities of the Bank in countries throughout the world — sacrificing wages, jobs, and social services in order to pay the foreign debt and secure fiscal surpluses.

According to Bank staff, Mexico was supposed to ‘graduate’ from the World Bank in the second half of the 1990s. Instead, it became the Bank’s largest single borrower in 1995, and now accounts for 12 per cent of the Bank’s total portfolio.

Here, we review some of the key sections of the 1995 CAS. Since it was written only five months after the eruption of the economic crisis, there was still a great deal of uncertainty regarding the overall Bank strategy. Thus, the Bank promises that the 1996 CAS (which was reportedly still being prepared in July 1996) will contain more information regarding the Bank’s medium-term strategy in Mexico. In the future, we hope that Mexican civil society will be able to participate actively in developing the CAS, and not simply engage in *post facto* analysis of a secret document so central to the country’s development strategy.

## Causes of the crisis

The Mexico CAS does not even entertain the possibility that the economic strategy which the Bank has supported since 1982 may be partly to blame for the current crisis. Nowhere does the Bank accept any responsibility for flawed policy advice: everything is the fault of either government policy errors, political instability, or international volatility.

There is no serious review of the performance of the economic strategy — in other words, structural adjustment — implemented since 1982. The Bank does not attempt to explain why, after 13 years of structural adjustment, average economic growth has been unable to keep up with the rate of population growth. While the Bank acknowledges (in retrospect) Mexico’s over-dependence on short-term speculative capital, it does not answer the fundamental question of why Mexico is so extremely dependent on foreign capital flows to finance its

current-account deficit: that is, what are the structural impediments to domestic savings?

## Assessment of the economic programme

The Bank ‘assesses’ the Mexican government’s programme as if it had nothing to do with developing it. Because of the relative size and importance of Mexico, the Bank is careful not to appear to be dictating policy. Nevertheless, it is clear that the Bank has played a key role in Mexico’s adjustment programme and now in crisis management.

### ‘Strengths’

According to the Bank, ‘the program is based, correctly, on the premise that the immediate problem is largely one of short-term cash-flow, and not of insolvency, and so its first objective is to restore stability by re-building international confidence’. We disagree with that analysis, believing that there is solid evidence — in the financial and productive sectors — that the crisis is of a structural nature, and that only the tens of billions of dollars in foreign loans have allowed a temporary respite from a massive insolvency crisis.

The Bank and the government of Mexico continue to count on exports ‘to lead a recovery of economic growth’. They highlight the more ‘competitive’ — devalued — peso as a key reason for such an export boom. They do not, however, address the other factors pointing to the temporary nature of the surge in exports. The vast majority of companies which have increased their sales abroad are doing so because of a severely depressed domestic market, and not because they have increased their output. As the peso slowly becomes over-valued, and as the government induces a (minor) recovery through public spending in the run-up to the 1997 mid-term federal elections, exports will lose their momentum.

### Risks

The Bank recognises that ‘the clearest risk to the economic program concerns the banking sector, which is under systemic stress due to the crisis’.



The fact that in late 1995 the two most important banks in Mexico (Banamex and Bancomer) had to rely on public subsidies is indicative of the severity of the solvency crisis shared by most economic actors in the country.

The Bank's strategy for dealing with the banking crisis is to provide over one billion dollars to bolster the banks, instead of addressing the inability of seven million debtors to service their debts. Unless the economic situation of indebted businesses and families improves, however, the banks will face an increasing problem of non-performing loans.

The second key risk pointed out by the Bank is 'the social costs of the crisis, which is already causing widespread transitional unemployment'. Along with debt, this is probably the most serious problem facing Mexico today. Close to two million people (instead of the one million estimated by the government and the Bank) lost their jobs in 1995. Indeed, surveys show that, even if their economic situation improves, many of the firms which laid workers off are not planning to re-hire them in the future. Thus, unemployment appears to be more than a transitional problem.

## Mexico's development objectives and policies

The CAS devotes only two pages out of 22 to this subject, one of which focuses solely on private-sector development. One short paragraph is dedicated to the theme of poverty-alleviation, and another to environmental sustainability. Both are more descriptive of existing problems than strategy-oriented. Although the phrase 'poverty reduction' is used several times, there is never a mention of any sort of comprehensive strategy to achieve this. The government has not fulfilled its commitment to develop a National Poverty Eradication Plan, made at the 1995 Copenhagen Social Summit. Concepts such as social equity, gender equality, and income-generation for the poor are completely absent from the Mexico CAS.

The Bank's ever-present assumption that a more rapid pace in economic growth in and of itself allows for a reduction in poverty has been

proved wrong many times. Mexico's levels of absolute poverty and inequality have increased steadily since 1982 (with the possible exception of 1990–91), and the 1994–96 crisis has exacerbated poverty in a serious way. According to a recent World Bank study, 85 per cent of the Mexican population now lives in poverty. Prior experience suggests that geographical targeting of resources where poor and indigenous people are concentrated is not enough for programmes to reach those most in need.

## Designing an effective development strategy for Mexico

The World Bank's 1995 Country Assistance Strategy for Mexico is highly disappointing. Both its content and the process by which it was developed illustrate the enormous gap between the needs and realities of millions of Mexicans and the policy recommendations of the government and its World Bank advisers. A truly effective assistance strategy for Mexico would prioritise innovative approaches to development that included income-generating strategies for the poor, direct access to subsidised credit for small and medium-sized producers and businesses (focusing especially on women), and concrete measures for decentralising economic and political power. It should also set goals: for example, for the gradual elimination of poverty and the creation of jobs. None of these issues is significantly addressed in the 1995 CAS.

While macro-economic management is clearly crucial, it cannot take the place of real development initiatives. A one-billion dollar social safety-net to 'protect' the poor from the economic crisis does not constitute a poverty-eradication strategy. A sustainable development programme must be developed with the participation of organisations of civil society — including producer groups, non-government organisations (NGOs), labour unions, academics, and so on. Equipo Pueblo has joined with others to launch a campaign to ensure greater access to information, and the right to participate in World Bank and Inter-American Development Bank projects and policies in Mexico. Part of our work will be to push both the Bank and the

government for public involvement in developing the World Bank's Country Assistance Strategy.

## The authors

Mary Purcell and Carlos Heredia work with Equipo Pueblo, a Mexican NGO involved in policy analysis and related lobbying. This paper, based on their July 1996 report 'The World Bank's Country Assistance Strategy for Mexico: Analysis and an Alternative Agenda', appeared in the July-August 1996 issue of *The Other Side of Mexico* (No 47), and has been reproduced here with permission. The authors can be contacted at Equipo Pueblo AC, Apartado Postal 27-467, 06760 Mexico DF, Mexico. Fax +(525) 672 7453. Email: <pueblo@laneta.apc.org>

reasons. They allege that Southern NGOs

- lack the experience to undertake rigorous monitoring and evaluation of projects;
- lack experience of how to manage projects in accordance with donors' requirements;
- with direct funding, would shift their accountability away from their own constituencies towards donor agencies;
- would become more directly influenced by donor agencies in setting their agenda, and hence more 'donor-driven';
- would eventually revolve more around the availability of money than the meeting of needs;
- would end up filling a void created by a retrenching State;
- would be susceptible to manipulation by donor agencies, and more susceptible to political influence.

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## Collaboration with the South: agents of aid or solidarity?

*Firoze Manji*

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In line with other donor countries, the United Kingdom has been channelling a significant proportion of its development aid through non-government organisations (NGOs). As part of a review of the effectiveness of this form of aid, several studies have been commissioned by the British Overseas Development Administration (ODA), the latest of which focused on exploring British development NGOs' attitudes to increasing the proportion of aid channelled by the ODA directly to Southern NGOs (Bebbington and Riddell, 1995). Based on a questionnaire survey, this study provides a fascinating insight into the British NGO (BINGO) psyche. It suggests that, despite years of exposure to and interactions with the Third World, there remains a considerable deficit of respect and trust for their counterparts in the South.

According to the survey, most (80 per cent) of BINGOs are *opposed* to aid being channelled directly to Southern NGOs, for a number of

In addition, they argue, there would be a loss of the 'neutrality' provided by BINGOs; and it would be cheaper to fund projects in the South via BINGOs.

What is striking about this list of reasons against direct funding of Southern NGOs is that, were logic to prevail, most Northern NGOs would not qualify either to receive funds from ODA. Are these characteristics really the exclusive property of Southern NGOs? To what extent are they shared by their Northern counterparts? Let us look at the reasons individually, and then as a whole.

In my experience, very few NGOs — either in the North or the South — can with all honesty claim always to demonstrate their extensive experience of monitoring, management, and proper evaluation of projects. Most agencies will admit that virtually all NGO projects fail to demonstrate adequate monitoring and evaluation. Poor management has been the bane of many projects, something that has become increasingly recognised if attendance rates at project-management training courses are anything to go by. Most experienced development NGOs would probably agree that monitoring and evaluation could be improved, and even the long-established BINGOs are frequently criticised for not managing their

projects in accordance with the donors' requirements.

What about accountability? Most BINGOs are non-membership organisations. As such, they are rarely accountable to anyone other than a self-appointed Board. In most cases, even those who contribute regularly to the organisation have no rights to determine its policy or to elect its Trustees. In almost every case, their constituency — if one understands that to mean either those who benefit from the projects, or the Southern NGOs — has no rights to determine a BINGO's policy or practice. So how accountable are BINGOs? Certainly, they are required to be accountable 'upwards' to their donors, an accountability for which there are both structural mechanisms and rights embodied in the grant documents (if not in law). But such mechanisms are seldom accorded to their Southern partners (or their beneficiaries). Would it not, therefore, be fair to say that, for the majority of BINGOs, accountability has long ago shifted away from their constituencies towards the donor agencies? Have BINGOs perhaps not been interested in establishing structural mechanisms that could increase, over time, the degree to which they could become accountable to their Southern counterparts? How many BINGOs have, for example, representatives of their Southern counterpart organisations on their Board of Trustees? That this is more the exception than the rule speaks volumes about their concern for ensuring their own 'downward' accountability.

Can BINGOs really claim to be immune from the influence of donor agencies? Are they not guilty not only of being driven by these but also, in turn, of setting and influencing the agenda of their Southern counterparts — with whom, let us be clear, they have a donor-recipient relationship? Looking at the kinds of project and programme in which BINGOs have been involved over the last three decades, it is clear that the focus of their attention shifts with the trends and fancies of the donor agencies, to the extent that project proposals and reports mimic the latest jargon ('modernism', 'environment', 'sustainable development', 'civil society' and so on) on which ODA has decided to focus. When

donor agencies hold the money, is it surprising that NGOs are prone to being driven by their agenda?

Do BINGOs always respond to need, rather than to the source of potential funding? Looking at the proportion of ODA's funds which have moved from the poorest parts of the world towards, for example, Eastern Europe and the former Soviet Union, a shift equally reflected in the funding profiles of many NGOs, many observers might feel that need tends to be a neglected parameter for determining priorities. Wherein lies the justification for the claim that British development NGOs are any more likely than Southern NGOs to respond to needs rather than chasing after money?

As for filling the void of a retrenching State, one needs only look at the British indigenous NGO scene over the last decade. As successive governments have clawed back social expenditure, numerous charities have ardently rushed to fill the vacuum. Is there any evidence that Southern NGOs are any more prone to this phenomenon than their British counterparts?

Claims that British NGOs are somehow more 'neutral' than Southern ones are hard to take seriously, and suggest a depth of paternalism that is surprising to find at this end of the twentieth century. Like their missionary precursors one hundred years ago, British NGOs have for years played, and continue to play, a less than neutral role with respect to the interests of British foreign policy, of which overseas development assistance is not an insignificant part. BINGOs have their own biases and prejudices — as this survey so clearly demonstrates. Just because these prejudices are so widely held does not mean that they should be taken to represent a form of neutrality. The tragedy may be that, if BINGOs tend to be neutral, it is frequently in relation to the less than benign role of British imperial policies.

The arguments advanced by British NGOs against direct funding hide a more profound discomfort. I believe that this may be an expression of the primordial fear among some BINGOs that if donor agencies start funding Southern organisations directly, then their own future is at risk. It is the *cri du coeur* of the

dinosaur facing potential extinction. It is tempting to draw the conclusion that the *raison d'être* for development may no longer be to build sustainable development and institutions in the South, but rather to keep the home team going. Direct funding of Southern NGOs does, of course, represent a direct threat to the survival of Northern NGOs in their present form. What is required, surely, is a discussion about what the new role of Northern NGOs should be in an era where Southern NGOs are fully able — at least to the same degree as BINGOs — to manage funds provided directly to them by donors.

Are there not also good reasons to question the commitment, capacity, and willingness of British NGOs to 'build capacity' in the South? The results of this survey suggest that, after more than 50 years of 'development', British NGOs feel that they have signally failed to build viable, independent, sustainable Southern institutions which are capable of managing donor agencies' attempts to manipulate them, can run programmes effectively, and carry out rigorous monitoring and evaluation. If this is so, what exactly has been the purpose of their activities over the last few decades? Are we to assume that pronouncing a commitment to 'sustainable development' and institutional capacity-building is just public relations for the benefit of the 'punter' whose contributions are being sought?

But this raises a serious issue: is it feasible for an organisation to be effective in institutional capacity-building if, at the same time, its relationship with its Southern counterpart is mediated through money? From the perspective of most Southern NGOs, there may be, in effect, little difference between dealing with ODA and dealing with a Northern NGO, since in both cases the relationship is one of donor-recipient. No matter how sympathetic the donor may be, the fact that the Northern NGO is the one with the money means that the Southern NGO must be the one with the begging bowl. No matter how good the personal relationships between the Northern NGO and the Southern NGO, the latter must accept the humiliation of being the receiver of charity. Perforce, there is a relationship of unequals. And inequality never built capacity. It

nurtures dependence. It establishes the material basis for dancing to the tune of the donor.

My purpose here is not to argue the case for or against direct funding of Southern NGOs by ODA. But I am deeply uneasy about the underlying motives of BINGOs that lead them to oppose such funding. What is perhaps more disturbing is the lack of critical assessment of ODA's policies, especially in assessing the extent to which BINGOs are themselves being used by the British State in the same way that they fear Southern NGOs might be used if the money were channelled to them directly. After more than 500 years at the receiving end of British goodwill in Africa and elsewhere in the Third World, a period characterised by pillage, slavery, genocide, colonisation, and more recently a development paradigm that results in more wealth flowing from the South to the North than the other way around (aid budgets notwithstanding) — to say nothing of the support and arms provided to despots and dictators — one would have thought that a healthy scepticism about British foreign policy and development aid would be the norm. Perhaps BINGOs should be looking at how they themselves might be being used and manipulated by donor funds, just as they so perspicaciously highlight the risks faced by Southern NGOs.

What is needed today is a greater reflection by Northern NGOs on the nature of their relationship with their Southern counterparts. If we are seriously committed to the struggle to eliminate poverty and injustice and their causes, then we need to assess the degree to which the nature of that relationship may be hampering rather than enhancing our common goals. We need to examine how to build alliances with Southern NGOs that are based on solidarity, not charity. We need to look at whether we are being used, albeit unconsciously, by aid agencies to achieve ends that subvert rather than promote those values we hold dear. We need to question whether the overall effect of British aid has indeed led to improving the conditions of the poor in the South, and, if not, after all these years of trying, to ask why. We need to explore ways in which we can be as accountable to our Southern partners as we expect them to be to us. And we

need to break away from the tradition of paternalism which has been so lucidly revealed in the recent study. To do otherwise is to risk becoming the agents of aid.

## References

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