

**COOPERATION  
WITH  
CIVIL SOCIETY  
ORGANIZATIONS  
POLICY AND GUIDELINES**



## ADB IN BRIEF

*The African Development Bank Group strives to be the leading development finance institution in Africa, dedicated to providing quality assistance to African Regional Member Countries (RMCs) in their poverty alleviation efforts.*

*From its modest beginnings in 1966, the Bank has become a key player in promoting self-reliance through cooperation among African states, as proclaimed in the preamble of the Agreement Establishing the Bank in 1964. Thereafter and in quick succession, the African Development Fund (ADF) and the Nigeria Trust Fund (NTF) came into being in 1972 and 1976 respectively. With the ADB as the flagship, they altogether constitute the African Development Bank Group.*

*The year 1995 was an important turning point for the Bank Group as it embarked upon a major restructuring and institutional reforms programme aimed at revitalizing and strengthening its various services. These reforms essentially entailed improving the quality of operations; bringing into sharper focus issues pertaining to financial management; institutional management; as well as organizational and institutional governance.*

*In order to provide a better service to the borrowing Regional Member Countries and, thus, enhance the quality of its operations, the ADB will now have to focus on three major sectoral themes, namely: agriculture and rural development, human resources and the development of the private sector. Added to these are a generic theme, that of governance, and two crosscutting issues, namely: gender equity and environmental preservation.*

*In response to the changing economic circumstances of regional member countries, the Bank Group makes use of several different lending instruments. Key among them are: Project Loans, Lines of Credit, and Sector Investment Loans – collectively known as “project or programme lending”, Sector Adjustment Loans, and Structural Adjustment Loans – collectively known as “Policy Based Lending” (PBL). Technical Assistance Operations, financed only through ADF, remain in a separate category.*

*The membership of the Bank comprises all fifty-three African (i.e. regional) States and twenty-four non-African (i.e. non-regional) States. The latter have joined the Bank since May, 1982 following the Board of Governors’ decision to open up the capital of the Bank to non-African participation. The following are the member countries:*

### ***African (Regional member countries)***

*Algeria, Angola, Benin, Botswana, Burkina-Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, D.R. Congo, Côte d’Ivoire, Djibouti, Egypt, Eritrea, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Republic of Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Peoples’ Republic of Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.*

### ***Non-African (Non-Regional member countries)***

*Argentina, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Korea, Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, United Kingdom and United States of America. To become ADB members, non-regional states first have to become ADF members. Only one ADF member state, the United Arab Emirates, is yet to accede to ADB membership.*

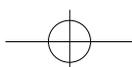
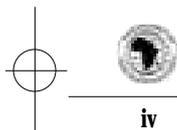


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## EXECUTIVE SUMMARY

1. African societies are attaching increased importance to civil society. This social realm includes NGOs, but extends well beyond them to encompass people's organizations, trade unions, human rights bodies, religious groups, community-based organizations, policy advocacy bodies, associations of business and professional people, and so forth. Operating in the domain known as "civil space", this sub-sector is collectively termed as Civil Society Organizations (CSOs). The African Development Bank, like its sister Multilateral Financial Institutions, has recognized the importance of such organizations in achieving sustainable development. In its 1999 Vision statement and elsewhere, the Bank has clearly stated its commitment to participatory practices and constructive engagement with civil society as responsible and promising ways forward.

2. The present policy revises, and replaces the Bank's *Policy Paper* of 1990 and its 1991 *Procedures, Mechanisms and Guidelines* for Cooperation between the Bank and Non-Governmental Organizations in Africa. The revision process was both participatory and demand-driven. As a result, the revised policy reflects the Bank's newly defined vision and commitment to *stakeholder participation, improved governance, expanding the range of civil society partners, and improved impact on the ground*. In addition to Bank managers and staff who took part in extensive consultations, the revision process also drew on contacts between Bank staff and sectoral specialists, including relevant departments of Regional Member Countries. Finally, a workshop was held in Abidjan on 15-16 September 1999 to discuss the policy with a wide range of civil society representatives in Africa.

3. The first part of the paper outlines the Bank's policy on cooperation with CSOs. In establishing the conceptual framework, the document provides a working definition of civil society – both its normative and functional roles, and the types of organizations it encompasses. CSOs associated with the international development system, and those less associated with the system are discussed *vis à vis* their strengths and weaknesses, opportunities, challenges, and constraints. The fact that not all CSOs are relevant to the work of the Bank, and that some CSOs lack positive purposes or authenticity, or both, underscores the need for selectivity. CSOs can also play a defining role in achieving the Bank's developmental objectives in the key areas of *governance, improved development impact, and building broad based ownership*, within the framework of the Bank's Vision.



4. Through public statements, consultative practices, and lending decisions, the Bank has made clear its intentions to engage with stakeholder groups in civil society. The Bank's Governors and Executive Directors have strongly and repeatedly endorsed its commitment to *client-focus, gender sensitivity, and stakeholder participation*. Accordingly, CSO involvement in Bank supported activities has shown a steady increase at both the policy making and program/project levels. Enhanced and systematic collaboration with CSOs in the formulation of CSPs and at various levels of the project cycle is occurring primarily in *the poverty reduction, agriculture/rural development, and the women in development (WID) sectors*. In addition, the Micro-credit Initiative for Africa (AMINA) serves as a key capacity building facility for micro-finance NGOs.

5. Bank Group objectives and strategy for cooperating with CSOs is guided by its own experience to-date, and that of other development partners. Within the overall purpose of improved development impact on the ground, the Bank will, in the immediate term, engage in concerted dialogue with RMCs to facilitate the creation of an enabling space for civil society to operate autonomously, effectively, and accountably. Also envisioned for the short-term is the improvement of the Country Lending Strategy process, and improving the performance of Bank supported projects through systematic consultation and collaboration with stakeholder and beneficiary groups in civil society.

6. In the medium and long term, the Bank will endeavor to contribute to the growth of civil society by promoting and facilitating a three-way dialogue between RMCs/CSOs and the Bank, at the national and regional levels. Support for building the capacity of CSOs, RMCs, and the Bank itself, towards improved relations among the three partners remains a medium and long-term objective. While moving to broaden the scope of its cooperation with CSOs, the Bank also notes that this sector's relation with member states are not always smooth. In this context, the Bank would play a facilitation role, building bridges between the two sectors.

7. The second part of the document outlines the ways and means through which the revised policy can be translated into practice. Noting that the Bank does not finance CSOs directly. *Project loans, policy based loans, and technical assistance grants to RMCs*, are noted as the main channels through which CSOs, passing through member states, can participate in Bank supported activities. Additionally, in its policy dialogue with RMCs, the Bank will advocate the active involvement of CSOs in the formulation and revision of CSPs, conduct of Public Expenditure Reviews, participate in Poverty Reduction Strategies, and the design and implementation of National Environmental Action Plans.



8. For its part, the Bank, in pursuing its development goals and objectives, will draw on the knowledge, contacts, experience, and delivery capacity of individual CSOs and networks. Where they possess necessary skills and experience, CSOs may be involved as volunteers or as contracted agents. In strengthening its relation with CSOs, the Bank will be guided by existing rules and policies including the Policy on Disclosure of Information, Rules and Procedures for the Use of Consultant, and Rules and Procedures for the Procurement of Goods and Services. In addition to participating in the CSP, consultation with relevant and specialized CSOs will take place on draft Bank sectoral policies and the new Country Performance Assessments (CPAs). Similarly, effective CSO participation will take place, starting “up-stream” in the project cycle and throughout the process.

9. In order to facilitate effective CSO involvement, the Bank may, at the request of RMCs, or contracted CSO, and on a case-by-case basis, provide institutional support to CSOs. Such support will be used to develop, reinforce, and sustain the analytic, organizational, technical, and communication capacities needed to carry out their role at the policy and project levels. The diversity of CSO purposes, legitimacy, and capacity requires the Bank to be highly selective in identifying potential CSO collaborators. To ensure effectiveness and transparency, the Bank shall at a minimum consider the following in the selection of CSO partners: *diversity, credibility, competence, representativeness, legal status, internal governance, organizational capacity, community anchoring, and performance track record.*

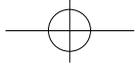
10. Carrying out the revised policy on cooperation with CSOs will require the Bank to make institutional adjustments. These adjustments will focus on sending a clear message of commitment from management to sensitize staff responsible for managing the Bank's policy development process and intervention programs. It will also require building internal capacity to document and learn from Bank's own experience, and distill best practices from other partners. More frequent field visits by staff should also be encouraged as a way to achieve closer proximity to the ground – towards becoming a more knowledgeable, responsive, and effective institution.

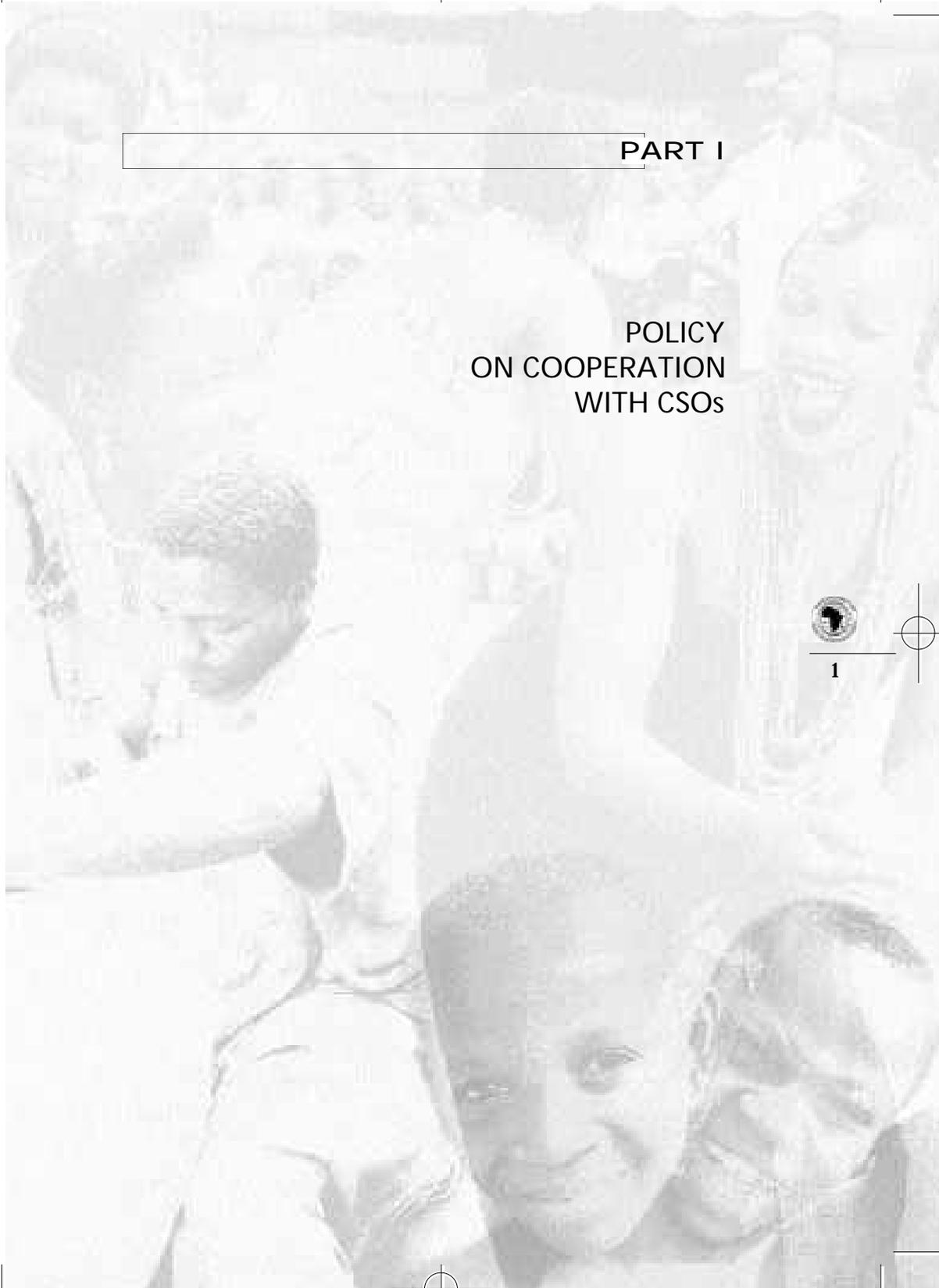
The Bank further notes that seizing the opportunity presented in the new revised policy on partnership with CSOs will require additional Bank staff time, training, and information gathering/analysis capability. Moreover, joint initiatives with other development partners will serve as a short-term strategy to reduce duplication and contain cost.





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**PART I**

**POLICY  
ON COOPERATION  
WITH CSOs**



## INTRODUCTION

### 1.1 Civil Society's Emergence and Importance

People across the globe are re-discovering, and attaching more importance to civil society. This realm includes NGOs, but extends well beyond them to encompass people's organizations, trade unions, human rights bodies, religious groups, community-based organizations, policy activist bodies, associations of business and professional people's organizations and so forth. All may be found in the domain termed civil space, and thus are called Civil Society Organizations (CSOs). The African Development Bank, like its sister Multilateral Financial Institutions, has recognized the importance of such organizations in achieving sustainable development impact. In its 1999 statement of *Vision* and elsewhere, the Bank has clearly stated its commitment to participatory practices and constructive engagement with civil society.

### 1.2 Background

The present document reflects the Bank's commitment to seek effective collaboration with selected parts of Africa's civil society. It revises, and replaces the Bank's Policy Paper of 1990 and its 1991 *Procedures, Mechanisms and Guidelines for Cooperation between the Bank and Non-Governmental Organizations in Africa*. A number of interrelated developments led the Bank to revise its existing policy at this time. First is the need to capture the positive changes occurring in the continent, which have created a conducive environment for the growth of a vibrant civil society. Second, favorable pronouncements in the Bank Group's new Vision, and the Bank's interactions at the policy/project levels are occurring with a much broader universe of stakeholders than envisioned in the previous policy. Third, civil society organizations themselves have called for a revision of the policy to better reflect recent developments in the sector.

The present, revised policy reflects the Bank's newly defined Vision and its commitment to:

- stakeholder participation as a key strategy to achieve its overarching objectives of poverty reduction and good governance;
- improved governance – a task area in which the Bank intends to play an active and leadership role;
- expanding the range of civil society organizations with which the Bank may work, corresponding to the broader range of



Bank objectives, and overcoming limitations of focusing only on “NGOs”;

- improved effectiveness on the ground by learning about how it and its Regional Member Countries (RMCs) can better work with civil society organizations.

For the ADB, effective collaboration with CSOs is still a learning experience, and this paper takes stock of the Bank’s own experience in the area, and draws lessons from the experience of other multilateral development institutions. Guided by the need not to “re-invent the wheel” but to build on the work and experience of other partners, the paper attempts to place lessons and best practices in an appropriate regional and institutional context. Furthermore, systematic collaboration with bilateral and multilateral partners – with country presence in RMCs, is also regarded as paramount to the implementation of this revised Policy and Guidelines.

Within the Bank, managers and staff at various levels participated in extensive consultations during the preparation of this document. The revision process was also demand-driven. It benefited from a survey of NGOs with experience in collaborating with the ADB, and an internal study of the Bank’s own experience to date. It also drew on the experience of Bank staff and sectoral specialists, including those in relevant departments of Regional Member Country governments. Finally a workshop was held in Abidjan on 15-16 September 1999, to discuss the revised policy with a wide range of civil society representatives and relevant government officials in RMCs.

### 1.3 Structure and Content

This paper is composed of three parts. *Part I* outlines the Bank’s policy on cooperation with CSOs. *Part II* provides operational guidelines on the implementation of the policy. *Part III* discusses resource implications.

*Part I* is divided into five sections: The first provides background to the paper. The second discusses the concept of “civil society” and the types of organizations in it. The third summarizes why civil society organizations (CSOs) are important to achieving Bank goals. The fourth section reviews the scope for Bank engagement with CSOs. Section five states the main objectives of CSO engagement; a Plan of Action (appearing in Appendix A) is based on them.

*Part II*, the operational guidelines has three sections. Starting with Section six, it reviews Bank instruments for policy implementation. Section seven presents guidelines for policy implementation. Section eight spells out main lines of procedure and responsibility for policy implementation.



*Part III* outlines institutional and resource requirements for the implementation of the policy.

This document complements other Bank Group resources including the Bank's *Handbook on Consultation and Participation* (publication in 2000), the Easy Reference Guides, various Bank policy documents on specific sectors, and the *Operations Manual*. The reader should refer to these resources for procedural and sector-specific guidance and detail.

## 2. CIVIL SOCIETY – CONCEPTS AND ISSUES

The concept of civil society is understood differently across different historical periods and depending upon ideological viewpoints and socio-cultural contexts. For the purpose of this document, the Bank Group has adopted the following descriptive working definition:

*Civil society encompasses a constellation of human and associational activities operating in the public sphere outside the market and the state. It is a voluntary expression of the interests and aspirations of citizens organized and united by common interests, goals, values or traditions, and mobilized into collective action either as beneficiaries or stakeholders of the development process. Though civil society stands apart from state and market forces, it is not necessarily in basic contradiction to them, and it ultimately influences and is influenced by both.*

“Civil Society” is the collective noun, while “civic groups” are the individual organizations that constitute the sector. The myriad of civic organizations in civil society include, but are not limited to, *non-governmental organizations (NGOs), people's and professional organizations, trade unions, cooperatives, consumer and human rights groups, women's associations, youth clubs, independent radio, television, print and electronic media, neighborhood or community-based coalitions, religious groups, academic and research institutions, grassroots movements and organizations of indigenous peoples.*

### 2.1 The Concept of Civil Society in Africa

African people have shown great organizational energy in expanding and diversifying their civil societies, giving them contours and dynamism specific to the various African contexts. Rather than offering an expanded discussion on a consensus definition of the concept and its undifferentiated application and validity to all African settings, this paper discusses the terrain by focusing on those segments of African civil society of potential relevance to the Bank Group's developmental goals and objectives.



Africa's civil society is especially rich in the spheres of associational life, bringing citizens together in collective endeavors through formally constituted and informal associations including; organized religion, wage earners' rights groups, parent-teacher associations, road maintenance associations, irrigation water-users cooperatives, grazing associations, and alliances for the advancement of sport and culture – to mention just a few. Taking formal and informal bodies together, such organizations may number in the many tens of thousands across the continent.

Incidentally, this proliferation of associational life is perhaps the most encouraging sign of the emergence of a home-grown and locally sustainable civil society organisations in the continent. Civil societies in Africa continue to face particular challenges and impediments, yet organizations in them have continued making unique contributions to public life.

Economic, political, demographic changes and actors in global networks of civil society have influenced the development of Civil Society Organizations (CSOs) in Africa. Institutions of international aid, providing the bulk of subsidies to the most visible kinds of civil society organizations, have been particularly influential.

At the same time, a great deal of associational activity in Africa takes place outside the system of aid, yet can be highly relevant to the goals of sustainable human development and poverty alleviation. Indeed African cultural, social, economic, and political well being often depends on their existence and vibrancy. Hence such CSOs have direct relevance to Bank's goals, objectives, and actions. To value them is to value the civic space they occupy, and the civic virtues that make their existence possible.

African CSOs can be classified according to various categories. Including their *organizational structure* – formally organized/registered or informal association for collective action; their *functional interests* – development, policy advocacy, human/civil rights and governance, and watch-dog functions; their *levels of operation* – at grassroots, local/municipal, national, regional, and international levels; and their *funding sources* – membership supported, locally/nationally financed, and dependent on international donors. It should be noted, however, that the distinction between these categories is not always clear or rigid, and many CSOs fit into more than one category. Given the Bank's development mandate and the need for congruence with its activities in RMCs, this document categorizes CSOs into the following two broad categories:



- *CSOs commonly associated with the International Development System*
- *CSOs less commonly associated with the International Development System.*

## 2.2 Types of CSOs and Their Settings

Like many other agencies, the Bank has in the past focused its collaboration on Non-Governmental Organizations (NGOs). It has defined NGOs as *private, voluntary, non-profit organizations that operate primarily to enhance the social and economic well-being of a community*. The wider scope of this paper – on *Civil Society Organizations* – permits the Bank's engagement in a more selective, effective and targeted way, and across a fuller range of possibilities that are present in African associational life.

However, in casting the scope of the Bank's cooperation widely, distinctions must also be made. Not every organization in civil society necessarily plays a positive role, or reflects genuine associational life that is relevant to the Bank's mandate. Some lack positive purposes or authenticity, or both. Moreover, civil society is not necessarily a place of harmony. Competition and destructive conflict can take place in this realm. But by the same token, civil society can serve as a place to vent grievances, open channels of communication and thus to build a basis for social harmony. Recognizing and nurturing these potentials, but at the same time being selective among civil society organizations, and being strategic in crafting partnerships with them are important challenges for both the Bank and its Regional Member Countries.

### 2.2.1 CSOs Commonly Associated with the International Development System

Organizations in this category are usually visible, formally constituted, urban-based bodies that seek to provide goods and services to certain categories of people, or to advocate certain policies. They include:

- indigenous Non-Governmental Development Organizations (NGDOs);
- organizations for domestic or regional issue-based advocacy NGOs (for example, in regard to human rights, the environment, gender, and business interests);
- knowledge-based NGOs (for example, in research and policy analysis);
- international private aid agencies for development or humanitarian action.



their members, and are integral to the social fabric of African civil society. Their presence therefore is critically important to Bank goals and objectives, and its dialogue with borrowing member countries. These CSOs may be categorized as follows:

Public, formally-constituted and officially-recognized bodies:

- membership-based, community-of-interest bodies ranging from trade unions, women's self-help groups, cultural bodies, parent-teacher associations, home town associations, credit unions and cooperatives;
- information service and media groups including print, electronic, and visual media organizations, public, private and community radio, advocacy organizations and information clearing houses.

Informally-constituted bodies, often "invisible" to outsiders:

- community-based organizations (CBOs) with a wide range of purposes;
- member-based groupings for self-help, including labor-exchange, burial associations and other institutions of informal insurance and mutual aid.

Comparative advantages often associated with such organizations are:

- social anchoring in society; responsiveness to local people; abilities to foster social bonds of trust ("social capital");
- powers to inspire and mobilize people in their own interest;
- sustainability, due to voluntary motivation and self-limiting budgets supported by local resources.

Disadvantages or shortcomings often associated with them are:

- limited vision and purpose, thus a gap between potentials and impact;
- weak capacities for up-scaling action into the public sphere;
- shortcomings in internal leadership, that sometimes limit participatory practice;
- weak material resource base, particularly from domestic resources;
- weak capacities to manage external relations, such as to make claims on and negotiate with more powerful institutions.

Most of these organizations are not set up to serve as delivery vehicles in aid-supported projects. Indeed there are risks that such organizations can lose their authenticity and self-reliance, and be otherwise harmed by incautious engagement with official projects. As some of these organizations do reinforce development objectives and practices to which the Bank subscribes, they therefore merit attention and consultation.



### 2.3 Common Constraints Faced by CSOs

CSOs in both categories tend to face the following constraints:

- loss of ideals and voluntary motivations where they are driven chiefly by competition in a marketplace for contracts and subsidies;
- legal and administrative barriers to full participation in public affairs; in this context, stances adopted by authorities in the public and private sectors can pose obstacles;
- isolation from other civil society organizations and from sources of technical and organizational knowledge;
- “crowding-out” of authentically-rooted, independent CSOs by for-profit consulting agencies and interests set up to seize market opportunities for aid resources, contracts and grants;
- cultures of intolerance, lack of respect for pluralism, and destructive competition among civil society organizations.

Effective cooperation with African civil society requires an understanding of the sector. This means acknowledging the diversity of types, possibilities and vulnerabilities that arise from particular settings, and from the purposes, social anchoring and financial backing of organizations in them. As the Bank pursues its development and governance priorities in cooperation with CSOs, it should be guided by careful distinctions and realistic expectations. It has to be selective in its choices, and to be clear about its insistence on working only with authentic, genuinely independent CSOs that are driven chiefly by values, not by opportunism.

The pace with which civil societies have evolved in Africa and their current place in society is markedly different among countries. The Bank recognizes that some RMCs are advanced in their relations with CSOs, while in others the enabling political, legal, and fiscal environments are still being constructed. This policy acknowledges the need for a flexible approach that encourages RMCs to strengthen relations with CSOs at their own pace, and in a manner consistent with their own development process.

### 3. WHY CIVIL SOCIETY ORGANIZATIONS ARE IMPORTANT TO ACHIEVING THE BANK'S DEVELOPMENT GOALS

The Bank Group's *Vision*, and its commitment to cooperate with CSOs is guided by convictions that: Poverty reduction outcomes can be broader, deeper, and more sustainable where appropriate stakeholder groups in civil society help design, steer, and otherwise participate in them. Those actors can reinforce public sector institutions, while not



substituting for them. CSOs therefore have instrumental value with respect to the Bank's development aims, although they should not be viewed as mere instruments or contractors.

In light of the foregoing considerations, there are good reasons for the Bank, together with its Regional Member Countries, to engage with organizations in African civil societies. In this context, the Bank's preeminent objectives for cooperating with CSOs are to:

- i) Foster a tripartite relationship between RMC governments, CSOs and the Bank to help create and nurture an enabling environment, and support a stronger, vibrant, effective, and responsive civil society, characterized by: greater diversity of associational life, including greater functional differentiation and linkages across and within the sector;*
- ii) Improve the quality of Bank portfolio in RMCs by drawing on the expertise and local knowledge of CSOs to reach the poor and grassroots organizations, and to build the broad-based ownership required to achieve and sustain the Bank's development objectives.*

Both the ADB and RMCs can collaborate with CSOs and the private sector to jointly advance their shared objective of poverty reduction as an overarching goal; to pursue sector specific priorities (rural development, health, etc.); and to promote the Bank's crosscutting priorities in gender, environment and participatory governance. In this respect, congruence with the Bank's Vision is evident in at least three key areas:

### **3.1 CSOs can help Improve Outcomes in Governance**

Organizations representing key constituencies in public life, including independent and credible organizations that monitor, analyze and report trends in public life, possess increasing capacities to stimulate open processes of public and private sector policy-making. Using participatory approaches, the Bank aims to support Regional Member Countries to improve open and responsive, honest, and competent governance. Such approaches can and should promote and involve active and responsible citizens, and other key civil society actors. CSOs can contribute to good governance in the following ways:

- their focusing of attention on issues can inform and alert citizens, thus improving the quality of popular participation in the framing of public policies and managing of public resources, programs and institutions;
- their active presence can help channel and amplify claims in defense of the rule of law and protection of human rights, thus reinforcing public support to an enabling legal framework;



- their monitoring and reporting of policy issues and performance of public institutions can help improve transparency and accountability;
- their raising of awareness and understanding can help promote checks and balances on policies and practices of the public and private sectors, thereby building-up public confidence in intentions and competencies, and curb tendencies toward corrupt, mal-administration;
- an independent media (radio, television, written and electronic press) can promote public understanding of key issues, build the stock of human capital and contribute to citizen participation in governance.

### 3.2 CSOs can help Improve Development Impact

Civil organizations can often help fight material poverty and exclusion, often in alliance with the public and private sectors. Those CSOs possessing either specific sectoral knowledge and skills, or broad public legitimacy as responsive bodies, can improve outcomes for well-being and equity by:

- providing access to local information and know-how for problem-solving and opinions that improve project design;
- empowering poorer, more remote or otherwise excluded people to claim and negotiate access to public resources;
- enabling people to participate in market economies with greater powers as producers and consumers;
- promoting private sector development at the local level (for example, through the delivery of micro-finance services and support to micro-entrepreneurs and informal sector workers);
- developing and demonstrating innovations that can be scaled up by others;
- delivering appropriate services to local communities or specific social categories that regular public service bodies are unable to reach;
- empowering poor women and men to articulate their views, priorities, and strategies to overcome their marginalisation and poverty;
- serving to distill best practices and documenting lessons learned from local, national and regional experiences.

### 3.3 CSOs can help Build Broad-Based Ownership of Development Processes

CSOs can help people become active agents of their own development rather than passive recipients. They can serve as interlocutors helping to build a shared sense of ownership and commitment to the



Bank's development aims and of responsibility for seeing them realized and sustained. They can help improve communication and collaboration across public/private boundaries, and across social, economic and political frontiers within regions and beyond.

### 3.4 CSOs can facilitate Regional Cooperation

The demand for their intervention in both service delivery and policy work compels CSOs to operate beyond national borders – at sub-regional and regional levels. The unimpeded movement of people, ideas, and resources across geographic borders has created new sets of challenges and calls for innovative responses. Trans-boundary environmental issues, cross-border migration of displaced persons, the spill-over effect of conflicts/natural disasters, and broader regional challenges such as the debt burden and HIV/AIDS impels CSOs to form alliances and engage in action beyond their national borders. This trend is consistent with and complements the Bank's commitment to regional cooperation, and may provide CSOs a role in some carefully selected Bank multinational interventions.

Through the realm of civil society, citizens should be able to exercise their rights and duties with respect to one another and to the common good. Popular legitimacy and sense of "ownership" for policies and institutions stem from processes in civil society, as do checks and balances regarding activities in the state and market sectors. These potentials make cooperation with civil society a good thing in itself. That is, it has value apart from the instrumental roles that organizations in it may play. The Bank can, **in close consultation with RMCs**, promote and nurture CSOs to become allies in the mainstream of sustainable development and good governance.

## 4. THE BANK'S SCOPE AND EXPERIENCE OF ENGAGEMENT WITH CIVIL SOCIETY

### 4.1 Bank Commitment to Engaging with Civil Society

Through public statements, consultative practices and lending decisions, the Bank has made clear its intention to engage with NGOs and other organizations in civil society. It has committed itself to client-focused, gender-sensitive, and participatory approaches involving a broad range of stakeholders. The Bank's Governors and Executive Directors have strongly and repeatedly endorsed steps in this direction.

The Bank's principle mandate is development lending to Governments in RMCs. The pursuit of improved cooperation with CSOs does not imply a shift in emphasis – to by-pass the former in favor of the latter. More so than ever, the Bank acknowledges that



governments have an important and irreplaceable function to perform. This policy, therefore, is premised on the realization that improved Bank/CSO cooperation can not be a substitute for, or get ahead of effective RMC/CSO relations.

Moreover, as the continent's development agenda and its challenges change, it is also within the Bank's mandate to review what governments can and can not do best, what markets do best and their limitations, and to consider other actors, including those in civil society, in so far as they shape the development process.

In pursuing such a course, the Bank has aligned its policies with those of other multilateral development institutions, Africa-wide official initiatives such as the *African [Banjul] Charter on Human and Peoples' Rights* of 1981 and the landmark *African Charter for Popular Participation in Development and Transformation* of 1990, both endorsed by most African governments and regional organizations.

Since its Sixth Replenishment in 1993, the African Development Fund (ADF) has required the involvement of beneficiaries. With the Eighth Replenishment of the ADF in 1999, the Bank has ensured the involvement of all stakeholders including targeted beneficiaries in civil society, early in the program identification and design stages.

Policy documents on specific *sectors* commonly mention civil society organizations as potential collaborators. It is Bank policy to promote gender as an issue cutting across all Bank-supported activities. This implies increased Bank attention to initiatives arising in civil society that press for gender equity in public and private sector policy, including the civil sector itself.

Finally, it has been Bank practice to consult organizations with regional and Africa-wide scope of membership and concerns. African CSO Networks and alliances are vital elements to communication, learning, and allied pursuit of objectives endorsed by the Bank.

The challenge now is to translate this commitment systematically into policy-making and programming practice. As the Bank regains a physical presence in RMCs, through resident missions, it will acquire important new means of doing so.

## **4.2 Precedents for CSO Engagement in Bank-Supported Activities**

### **4.2.1 CSO Involvement in Formulation of Bank Policy:**

Since the late 1980s, the Bank has formulated and revised many of its sectoral policies (Forestry, Health, Education, Governance,



Population, etc.) in consultation with CSO representatives. Today, such consultation is a *mandatory* feature of the policy process. The Bank has helped open channels of communication with NGOs, in particular through the establishment of the joint ADB/NGO Interim Committee, and by inviting NGOs as observers to Annual Meetings. The Bank's communication policy, including its *Policy on Disclosure of Information*, promotes these initiatives.

#### 4.2.2 CSO Involvement in the formulation of Country-Level Policies

Since the mid-1990s, the Bank has successfully enlisted RMC cooperation in bringing CSOs into discussions about overall national lending strategies before they are ratified in Country Strategy Papers (CSPs). Experiences thus far are positive (See *Box 1*). CSOs have contributed facts and views in Public Expenditure Reviews carried out by the Bank. Knowledge-based CSOs have proven to be well placed to assist in this area. In accordance with guidelines designed for each type of policy review, the Bank seeks to involve relevant CSOs in developing new CSPs and revising existing ones. Although experience with CSOs in these areas is thus far limited, the scope for enhanced CSO involvement shows promise and is set to widen.

#### 4.2.3 CSO Involvement in Bank-Supported Projects

CSO involvement has most commonly occurred in projects. Over the last decade, at least 57 Bank-supported projects have involved CSOs in some way. Yet this is a recent phenomenon, and experience is limited. In the period up to 1997, only two or three projects per year included CSOs, whereas in the period 1997-99 the annual average was 12 projects. As of late 1999, only 22 of the 57 projects identified were actually underway, or had been completed. The breadth of CSO involvement in Bank-financed projects has been rather limited: 46 of the 57 projects fall in the categories "poverty reduction" (with an emphasis on micro-finance), "agriculture and rural development", or "support to women's activities".

As a matter of broad policy the Bank supports private sector activities. CSOs engaged at grassroots level to stimulate enterprise and saving have been one main bridge to the private sector. The Bank is currently seeking to expand alliances and collaborative synergy, preferably involving civil, private for-profit and government sectors. Experience thus far suggests the need to see each sector as complementary in poverty reduction strategies.



**BOX 1****CSO PARTICIPATION IN THE FORMULATION OF  
COUNTRY STRATEGY PAPERS (CSPs)**

In an effort to promote transparency and participation, and to build support on a broad base, the Bank is involving representatives of civil society and the private sector in discussions about CSPs. The purpose of the participatory CSP is essentially two-fold: first, to improve the quality of country strategies based on the knowledge and opinions of civil society actors; and second, to build public knowledge and commitment for strategies agreed to between the Bank and RMCs.

As of 1999, CSOs have taken part in country strategy discussions in Burkina Faso, Djibouti, Ethiopia, Mali, Mauritania, Niger, the Seychelles and Tanzania. All parties to this process – the Bank, RMCs, CSOs and local private sector representatives – are learning to overcome past hesitations, to listen to one another, and to put forward views in a spirit of dialogue. Experience has shown that building such culture of constructive dialogue takes time. It also requires overcoming barriers that can hinder good process, such as RMC hesitations about public involvement, CSO criticism of the procedure used to select participants, and tendencies among participants to put forward a “shopping list” of needs.

Although rich in experiential knowledge, CSOs often lack the analytical capacity for policy analysis and negotiation skills. Based on lessons from recent experience with participatory CSPs, the Bank is committed to enhancing capacities of national and regional research institutes and think-tanks, to enable them to better contribute to, among other things, the formulation of country strategies.

Such consultations require a modest amount of extra time and additional resources. If the experience of the Bank and its multilateral partners are any guide, the benefits of such efforts significantly outweigh their cost. The involvement of CSOs at policy-making levels promises to improve the quality of a country lending strategy, and widen the base of commitment to them. Accordingly, the Bank has resolved to collaborate with RMCs to broaden the scope and breadth of CSO consultation in CSPs. Non-Governmental Development Organizations (NGDOs), both international and indigenous, have been the chief type of CSO to take part in such collaborations. Together, at least 160 indigenous NGOs, 280 community-based organizations (CBOs), and 42 international NGOs have been involved in the process. In addition to these, the Bank’s AMINA program (See *Box 2*) has worked with and provided support to almost 85 CSOs in ten countries.



#### 4.2.4 CSO Roles in Bank-Supported Projects

CSOs have thus far been confined to a limited range of service delivery tasks. Relationships have taken time to develop, and have certainly not been free of difficulties. There have been problems of NGO accountability and performance. NGOs have had to learn to deal with Bank procedures. Yet the scope for continued CSO involvement is indicated along the following lines:

*Program and Project Identification:* The Bank has promoted contact between CSOs and RMCs with a view to tapping local knowledge in the identification and design of poverty alleviation projects, especially those pivoting on social funds, micro-finance, and women-in-development. It has promoted involvement of CSOs *up-stream* in the project cycle, and in sector-wide planning and coordination foras. Though the Bank has not, as yet, supported projects identified exclusively by CSOs, that possibility is not excluded if RMC participation and approval is enlisted at the outset.

*Project Design and Appraisal:* CSOs have been involved, in some cases as paid sources of consultancy services, in various forms of project preparation. Internal Bank research suggests that CSOs were involved in identification and formulation stages of 23 projects up to 1999. Activities range from basic information-gathering to participation in formal assessments, such as for Environment and Social Impact Assessments, Household Surveys and Poverty Mapping.

*Project Implementation and Steering:* While the Bank has financed at least 30 projects involving CSOs in various implementation tasks, in only 11 projects did CSOs hold management or guidance functions. Some projects have required the creation of temporary organizations to manage activities. Such structures provide CSOs with formal access and a voice in project steering.

*Program and Project Monitoring and Evaluation:* CSO involvement in extracting lessons from practice has not been extensive as yet; only 10 of the 57 projects identified have involved CSOs in monitoring and evaluation tasks. However, emerging CSOs with such professional skills may be future candidates for similar tasks in the future.

Bank intentions to engage with civil society organizations date back to the 1980s. Yet deep, wide and systematic engagement is only beginning to occur now, in the late 1990s. The Bank is thus at a new threshold of involvement. This is a favorable position to the extent that it permits learning from successes, setbacks and good practices of other development agencies. Lessons are beginning to emerge; a number of these are outlined in Section 7 below. Moreover, prospects



of working through the Bank's own country offices enhance the likelihood of effective collaboration with CSOs. The Bank is thus poised to enhance its interaction with what is today a wide, and increasingly mature range of civil society organizations across Africa.

## **5. BANK OBJECTIVES FOR CIVIL SOCIETY INVOLVEMENT**

This section presents the chief purposes of Bank engagement with civil society organizations. These serve as the basis for a Plan of Action appearing in Appendix A. With an overall purpose of improving its capacity and its development impact, the Bank will pursue the following:

### **5.1 Ongoing and Short-Term Objectives**

- To engage in concerted dialogue with RMCs about the advantages of opening space for CSOs to operate autonomously, effectively and accountably;
- To support and not undermine existing governance structures by promoting complementary roles between the ADB, CSOs and representative local and national institutions;
- To improve the knowledge base of sectoral policies by systematically consulting CSOs about them through CSPs and other consultative process;
- To improve Country Lending Strategy formulation by systematically drawing CSOs into authentic consultations with RMCs and the Bank;
- To improve performance of Bank-supported operations by promoting and facilitating CSO/RMC collaboration at the policy, project and program levels;
- To improve Bank capacities for effective cooperation with CSOs by enhancing systems for learning, knowledge management and staff motivation toward CSOs;
- To improve Bank policy and programming coordination with other bilateral and multilateral development partners with regard to CSOs;
- To improve CSOs' knowledge of Bank policies, procedures and activities through a pro-active information gathering and dissemination strategy.

### **5.2 Mid- and Long-Term Objectives**

- To contribute to the growth of enabling civic environments for civil society organizations by promoting a three-way dialogue and information disclosure among RMCs, CSOs and the Bank at country, regional and Africa-wide levels;
- To encourage and support practices of good governance from state institutions in their performance of public



- affairs, and to mobilize citizens for active participation in, and ownership of the development process;
- To contribute to institutional capacities of CSOs and their networks by supporting services for training and coaching, organizational development, and CSO interchange;
  - To enhance Bank and RMC capacities to engage effectively with CSOs through improvements in their knowledge base, policy-making procedures and communication strategies;
  - To facilitate and provide leadership in policy dialogue among RMCs, CSOs, and Donors, at the international, regional, and sub-regional levels.

Through this revised statement of policy, the Bank Group is moving to broaden its cooperation with CSOs. In so doing, the Bank is mindful of the fact that this sector's relations with member governments are not always smooth. As the Bank continues to maintain its policy of having CSO project proposals come through member governments, it also remains prepared to play the role of bridge-builder, striving to facilitate collaboration between the two sectors. This effort, however, will take time and resources, and can only be achieved through a gradual process of earning credibility and building mutual trust.



**PART II**

**OPERATIONAL  
GUIDELINES  
ON COOPERATION  
WITH CSOs**



The first half of this document (Part I) outlined the Bank's policy regarding cooperation with CSOs. This second half (Part II), concerns the ways and means by which that policy is to be translated into practice.

## 6. BANK INSTRUMENTS RELEVANT TO THE CSO POLICY

### 6.1 Funding Instruments

The Bank does not finance CSOs directly. The Bank lends money, provides technical assistance (and occasionally makes grants) to RMCs through three windows: the African Development Bank (ADB), the Nigeria Trust Fund (NTF), and the Africa Development Fund (ADF). Certain activities funded under the ADF lending (but not only there) provide a basis for enhanced CSO involvement. This section describes the major channels.

#### 6.1.1 Project Loans

Project loans to RMCs make up the bulk of Bank activities. The potential for CSO collaboration in them is wide, particularly to improve anti-poverty impact and good governance. The ADF lending policy requires the *presence of mechanisms for reaching the poor or a proportionately high level of participation by the poor*. These mandatory criteria favor inclusion of CSOs well placed to provide information about, and means of consultation, with intended beneficiaries. In such instances, CSOs with broad community membership can fulfill these requirements as operational collaborators in Bank-financed activities.

*Micro-finance* is a sector in which CSO comparative advantages can be seized. A special Bank program is doing precisely this, thus pioneering the making of grants to CSOs for capacity building in a specific sector (See Box 2).

Some CSOs are suited for involvement in *Social Funds*. These are special anti-poverty "safety net" mechanisms financed chiefly by donors in the context of structural adjustment programs. A common strategy is to channel funds to community level projects proposed and managed by public, private and non-profit organizations.

CSO involvement in operations is likely to be most relevant in sectors where community-level participation is crucial to success. Where programs involve large numbers of stakeholders, and require regular adjustment or maintenance, local involvement through CSOs will



**BOX 2****The ADF Microfinance Initiative for Africa (AMINA)**

This pilot program was launched in 1997 with a US\$20 million Bank allocation for its first two years. It makes grants to promote financial service delivery by local NGOs and CBOs, to build the capacity of specialized microfinance institutions that support them and to encourage links between microfinance institutions and the formal financial sector.

The AMINA aims to widen access to credit among micro-entrepreneurs, particularly women, on an assumption that entrepreneurial people can lift themselves out of poverty. It works to identify local NGOs and CBOs and microfinance institutions meeting strict criteria, such as offering credit at market rates of interest, and possessing adequate staff and a business plan to reach clients. Those eligible can receive Bank-supported training on bookkeeping, financial management, business planning, credit best practice methods, and delinquency control. AMINA backs up this capacity-building with support to the development of policy and management systems.

AMINA is an example of a Bank effort to support a specific CSO sector in a concerted and focused way. Similar innovations in other sectors are also under consideration.



commonly be indispensable. Thus, lending for agriculture and rural development, forestry, fisheries, urban development, health and population, environment/conservation and education are all sectors of potential engagement.

On the other hand, programs involving large, centralized investments and implementation by a small number of actors, may require CSO participation only at crucial moments of design and planning, not throughout the entire project cycle. Thus industrial development, infrastructural works, and energy network development are not sectors in which CSOs normally have comparative advantages as operational partners. However, CSOs may help assess the social and environmental impact of investments in those sectors.

#### 6.1.2 Policy-Based Loans

The Bank makes Policy-Based Loans to support RMCs pursuing internationally monitored policy reforms. It is Bank policy that Policy-Based Loans achieve greater impact on poverty reduction through synergy with the Bank's priority sectors, with particular regard for social dimensions of adjustment and good governance. In these respects, consultation with CSOs will be indispensable to Bank

Country Lending Strategies. Those strategies' impact is directly related to the degree of RMC ownership and the level of civil society participation in their development and execution.

### 6.1.3 Technical Assistance Fund (TAF)

To facilitate and improve the quality of programming, some TAF resources may be used in support of participatory approaches. TAF resources may also be used to build institutional capacity and to help facilitate dialogue. Such activities may involve CSOs, including those with vocations in training and organizational development. Allocation of TAF resources for capacity-building can stimulate development without adding to debt burdens. The Bank's Project Preparation Facility (PPF) resources may also be applied. Funds for capacity and institution-building activities, such as those carried out in RMCs under auspices of the Bank's African Development Institute (CADI), are also among instruments available under terms of the Eighth Replenishment of the ADF.

### 6.2 Policy Dialogue with RMC Authorities

Existing and emerging Bank initiatives create ample precedent for engaging government authorities in dialogue. In policy dialogue with RMCs, the Bank will stress the need to nurture and encourage an environment in which organizations can operate autonomously and accountably. In pursuit of good governance, in which it intends to play an active leadership role, the Bank intends to engage in effective dialogue with RMCs. When necessary, it seeks to adopt an initiator and advocate role between CSOs and RMCs.

Potential areas of enhanced CSO involvement in policy dialogue and analysis include:

*Formulation or Revision of Country Strategy Papers:* Under guidelines currently being developed in the Bank, these processes are becoming regular venues of effective three-way dialogue among RMCs, the Bank and CSOs.

*Public Expenditure Reviews:* In pursuit of budgetary transparency, the Bank will intensify public expenditure reviews, prioritizing social sector expenditure, including poverty alleviation. This will require deep and regular engagement with CSOs as sources of views and information.

*National Environmental Action Plans (NEAPs):* In collaboration with other multilateral bodies, the Bank will continue to promote the implementation of NEAPs, making use of CSO insight and expertise.



*National Poverty Alleviation Strategies:* Given their comparative advantage in facilitating stakeholder participation, relevant CSO and, in particular, grassroots organizations will be encouraged to contribute to the formulation of national poverty reduction policies and strategies, monitor their implementation, and assess their effectiveness.

*Policy Implementation and Follow-up:* Following the establishment of country offices, the Bank will be able to deepen its promotion of sector or issue specific dialog fora at country or regional levels. Policy dialogue and policy effectiveness is to be improved through involving a range of official and non-governmental stakeholders.

*Research, Training, and Dissemination of Analysis:* Aided by its African Development Institute, the Bank will seek to improve the basis for policy dialogue by promoting knowledge-based activities, including those pursued by national and regional policy research institutes in the civil sector.

## **7. OPERATIONAL PRINCIPLES AND GUIDELINES**

To put into practice the specific objectives and instruments presented in Sections 5 and 6, the Bank and its collaborating partners will apply the Principles and Guidelines presented in this section. Every effort has been made to keep them simple, concise, and clear. Wherever necessary to avoid duplication, the reader is referred to other, more specific Bank policies and guidelines.

Comparative advantage and selectivity will guide the operationalization of the Bank's policy and objectives. Africa's development agenda has become more complex and broadened into sectors in which CSOs have distinct comparative advantages. To enhance its development effectiveness, the Bank will select and draw on the comparative advantage and capacity of proficient CSOs working in the front line of this complex challenge.

### **7.1 Gaining and Providing Information**

In pursuit of its development goals and objectives, the Bank will draw on CSO knowledge, contacts, experience, and delivery capacity. It will call on individual CSOs, on CSO networks at national, regional and international levels, or on expert institutions.

The Bank seeks to make available relevant information to the public, including CSOs. To facilitate and encourage dialogue and collaboration with CSOs it will make available information about its goals,



policies, strategies, programming, and procedures. It will strive to share information as broadly as possible among CSOs in advance of certain Bank activities. Attention to information-sharing is required in particular where transparent processes must be followed to assure their public legitimacy, such as in preparation of Country Strategy discussions or in selection of CSOs for contracting. In such cases, the Bank will make information available in a clear and timely way to allow interested parties sufficient time to make their assessments and prepare their responses. The Bank will communicate in appropriate mediums. In this respect, face-to-face, printed, and electronic means of communication will be used to optimal advantage.

When CSOs pose questions or seek to comment on Bank-supported activities, Bank staff will be guided by the *Policy on Disclosure of Information*. Bank staff should be responsive to issues raised by CSOs about Bank-supported activities and the application of policies; when possible staff should meet with those raising issues and with affected stakeholders. Similarly, RMC authorities should be encouraged to be responsive to CSO requests, issues, and concerns about Bank supported policies, programs and projects.

## 7.2 CSO Participation in Policy-Making

Having recognized the importance of involving the poor, the Bank has resolved to implement a "bottom-up, participatory approach" (Bank's statement of *Vision 1999*). As promoters of participation by the poor, certain CSOs can play important roles in facilitating this objective. In addition to their established roles at the various stages of the project cycle, the Bank will engage with CSOs to undertake research in a wide area of economic, social, and other sectoral studies and analysis such as: poverty assessments, beneficiary assessments, participatory rural appraisal methods, and social and environmental assessments at the project level. By collaborating with carefully selected CSOs, the Bank and RMCs should learn how to work better together to clarify and factor-in the interests of stakeholders in both policy and project activities. While also taking deliberate measures to remove barriers to effective participation, based on gender biases or other inequities.

### 7.2.1 Country Strategy Papers (CSPs)

The Bank formulates a Country Strategy Paper for every RMC. The CSP contains a definition of Bank objectives and strategy for intervention. It is discussed with and takes into account the views of the country's authorities. In accordance with guidelines governing CSP processes, the Bank is committed to involve representatives of national CSOs in meaningful consultations during CSP formulation and



revisions. As appropriate, the media (radio, television, print and electronic) in RMCs can also be involved to publicly disseminate information regarding the content of the CSP and the consultation process. Participatory aspects of the policy preparation process are normally described (in a boxed format) in the final CSP document. *(For procedural guidelines, see sub-section 8.1.2 below).*

### 7.2.2 Sectoral Policies

The Bank seeks to consult with relevant sector specialists, including CSOs, about Bank policies in respect to economic, social and technical sectors of its programming. In this regard, Bank staff may share draft policy documents with CSOs and organize opportunities for CSOs, RMCs and the Bank to exchange views about them.

### 7.2.3 Other Bank-Supported Processes of Policy Review

The Bank has begun to carry out regular mandatory Country Policy and Institutional Assessments (CPIAs) as part of its overall Country Performance Assessments. These form the basis for ADF resource allocations. Beyond macro-economic and structural policies, the Bank will assess RMCs' policies toward (a) growth with equity and poverty reduction and (b) governance and public sector performance. In particular, the Bank will assess RMCs on such matters as freedom of expression, rule of law, and participation in policy formulation and decision-making. Assessments on such topics require broad-based consultations and information sharing with key stakeholders, including those potentially available from civil society organizations.

Criteria for effective CPIA stress the importance of participatory approaches. Hence, information about CSO involvement, and information provided by CSOs, will figure prominently as the methodologies are applied and further developed.

## 7.3 CSO Participation in Operations

Decisions about CSO roles in projects and programs financed by Bank loans are the responsibility of RMCs. It is the Bank's intention, however, to explore vigorously with RMCs the possibilities for CSO involvement at various stages of the project cycle.

### 7.3.1 Meeting Pre-Conditions

Effective CSO collaboration depends on the fulfillment of certain conditions. Hence, Bank staff working with CSOs at the operational level should seek to achieve the following:

- CSO involvement starting early, in "upstream" stages. The Bank attaches particular importance to quality at entry.



Bank or RMC hesitations about involving CSOs have to be addressed and overcome early.

- Clarity among all parties regarding expected outcomes, timelines and procedures. Such clarity is needed to avoid misplaced expectations or unforeseen delays that could pose risk to project activities.
- Clarity about roles and task areas where CSOs are involved in program and project steering within a framework agreed with RMCs.
- Maximal use of CSOs' comparative strengths. Building capacity takes time and other resources. Bank staff should take into account CSO capacity needs and budget accordingly when negotiating the loan terms with RMC officials, (See Box 3).

### BOX 3

#### UGANDA POVERTY ALLEVIATION PROGRAM (PAP)

A common role assigned to local CSOs has been that of financial intermediation in the provision of micro-credit. Bank-supported anti-poverty programs have sought to involve CSOs because of their knowledge of local conditions based on proximity to the ground, and their credibility among intended beneficiaries.

In 29 poor districts of northern Uganda, some 63 NGOs and CBOs have been playing key roles in extending small-scale credit to economically active poor people, particularly women, orphans, disabled people, retrenched civil servants and army veterans. The program, identified and designed with help from the Bank, began in 1994. As of 1999 it had funded more than 25 thousand micro-projects for income generation, thereby helping support over 300 thousand people.

The PAP experience illustrates the importance of learning and adjusting. At the outset of the program most NGOs and CBOs, having been set up for other developmental purposes, lacked experience in credit delivery. They thus experienced many setbacks. They had to address these by learning new skills and developing extension and coordination systems. Further lessons learned include the importance of good supervision and monitoring, of suitable collaboration with local authorities, and of continuing to carry only those NGOs and CBOs with potential capacity as financial intermediaries.

Project purposes in many cases include institutional development of CSOs. This has required support to the training of staff and volunteers, and the furnishing of basic equipment. Yet to be provided on a broad scale are services in organizational diagnosis, remedial advice and coaching to improve the structures and functioning of CSOs.



### 7.3.2 Identification Stage

CSOs may serve as sources, models or sponsors of program and project ideas. They may be asked to provide such ideas, or they may put them forward to RMCs unsolicited. CSOs may be called upon to organize consultations with local stakeholders, or otherwise help identify priorities, capacities and motivations of intended beneficiaries or others potentially affected. The Bank's operations rules (*Revised Operations Manual*) require that identification missions consult with various stakeholders including CSOs.

### 7.3.3 Preparation Stage

The Bank requires RMCs to adopt a participatory approach in preparing their investment proposals. They must promote processes whereby beneficiaries and other stakeholders can assess their needs and articulate their priorities. The Bank may carry out formal or informal consultations with CSOs through interviews, field visits, and workshops. (See *Revised Operations Manual, Easy Reference Guide*; and other OESU guidelines on crosscutting issues). Where active CSO involvement in implementation is foreseen, it will be important to include CSOs 'up-stream' in the project design stages.

As partners to RMCs and the Bank in the project preparation process, or in other relationships with them, CSOs may help carry out preparatory studies. Among possible activities are:

- assembling statistics;
- gathering information on local conditions and trends;
- learning from other CSO-executed projects;
- compiling data on beneficiary circumstances;
- helping design institutional arrangements;
- gaining responses of stakeholders to a preliminary design;
- identifying local indicators to be used in monitoring.

The Bank may also contract CSOs or individuals from CSOs, as consultants to the Bank (see *Bank Guidelines for Use of Consultants*), to local organizations or to RMCs.

### 7.3.4 Appraisal Stage

In this crucial design phase, CSOs may be involved to help assess and verify program or project relevance, feasibility, and potential impact. They may also be asked to appraise arrangements for implementation, monitoring and evaluation. Bank Appraisal Missions should be planned to include in-depth consultation with relevant CSOs (*Revised Operations Manual, Sect. OM 600*).



### 7.3.5 Co-Financing

The Bank may enter into arrangements by which CSOs, including international NGOs, co-finance project components financially or in kind. The Bank may also take part in arrangements whereby CSOs finance activities complementary to those proposed for Bank funding. Where the Bank enters into such agreements with international NGOs, those agreements should include clear and measurable provisions for local capacity building, and specific descriptions of their relationship with local CSOs.

### 7.3.6 Formal Relationships

There is no substitute for clear and realistic working rules known in advance. Clarity and realism among all actors about rules, responsibilities, timelines and procedures should be developed early through consultation among all relevant parties. These should be laid down in agreements that are as simple and as flexible as possible, without loss of means to ensure compliance.

Arrangements between an RMC (or its implementing agency) and a CSO are normally formalized in a legal contract. However, the Bank may, when deemed necessary, accept other kinds of formal arrangements, such as a "Memorandum Of Understanding", as an alternative means of involving informal or not-yet-registered CSOs. The Bank will favor the use of simplified or adapted contracts where the nature of the service or the form of the organization (such as a community-based group) makes that appropriate.

### 7.3.7 Implementation

CSOs are often obvious candidates for implementation tasks. However, a range of internal and external circumstances, including CSO delivery capacity, may sometimes make it unfeasible or undesirable to engage CSOs as project implementers. Bank staff should therefore take into account factors such as Government-CSO relations, and institutional capacities when considering CSOs for implementation tasks. (See sub-section 8.1.2 on selection criteria).

**Contracted Services:** If the Bank and the RMC agree that circumstances and capacities permit, CSOs may be contracted or sub-contracted by the RMC or the RMC's executing agency to supply:

- services that promote community participation;
- general project management services;
- supervisory or coaching services for community-based organizations;
- technical or procedural knowledge for local organizations;



- training, coaching, and organizational development advisory services;
- financial intermediation services, such as in microfinance programs;
- complementary services to a project or program.

*Program and Project Steering:* CSOs or CSO representatives may be involved in steering or advisory committees tasked with overall or special responsibilities for project management. In all projects with significant beneficiary or CSO participation, steering committees should include beneficiary or CSO representatives. A pre-condition of successful steering, and therefore a determinant of sustainability, is clarity and consensus reached in advance about parameters. Agreement should be reached on principles and rules governing which stakeholder groups will have influence over which specific issues, resources, through which channels, and over which stages in project development. Agreement should be reached on rules and principles governing shared responsibilities in steering, how these may change over time, and what steps should be taken to ensure the quality of stakeholder participation throughout the life of the program or project.

### 7.3.8 Monitoring, Evaluation and Learning Systems

Where they possess necessary skills and experience, CSOs may be involved as volunteers or as contracted agents to:

- monitor program or project progress, both at operational (month-to-month) levels and at strategic (over program life span) levels;
- provide evaluation input from a stakeholder's view of on-going and completed projects;
- provide services for organizational problem diagnosis, and for improvement of internal management information and learning systems;
- facilitate participatory monitoring and evaluation, including stakeholder-based "social auditing" of program or project implementation;
- communicate with beneficiaries and the public at large about project progress and management, use of funds and other resources, in line with principles of transparency;
- provide independent monitoring and evaluation, and synthesize relevant lessons learned;
- participate in retrospective reviews of sector-based programming and Country Lending Strategies.

CSOs lacking capacity to contribute optimally to monitoring, evaluation and learning processes may, within a project context, be eligible for special capacity-building support. In this regard, the Bank will encourage RMCs and participating CSOs to become “learning organizations” with appropriate systems and incentives to put knowledge management at the heart of their policy and project activities.

#### **7.4 Institutional Support for Capacity-Building**

In order to foster effective CSO involvement, the Bank may, at the request of RMCs, or contracted CSOs, and on a case-by-case basis, provide institutional building support to CSOs. Such support may be used to enable CSOs to develop, reinforce and sustain the analytical, organizational, technical and communication capacities needed to fulfill roles at policy or project levels.

For project-centered tasks, the following capacity-building activities may be supported:

- training in internal organizational systems such as financial or information management and reporting;
- organizational development and sustainability advisory services and coaching;
- training and coaching in learning methods, such as in participatory techniques;
- managing and sharing knowledge with other CSOs, the public and private sectors.

For functions outside the project cycle, but linked to improving CSO participation in national and sector-level policy dialogue, the following capacity-building activities may be supported:

- sectoral management and policy training (including public sector staff);
- policy monitoring and analysis skill training;
- networking and interchange among CSOs, the public and private sectors, for policy analysis, skill improvement and information sharing.

Bank support for the reinforcement of such capacities would depend on its judgment, in consultation with RMC authorities and the CSOs involved, about the purposes, scope, modalities, and duration of such institutional support. It would base its judgement on careful diagnosis and justification of need, preferably with independent advice. Such support shall, however, be restricted to indigenous CSOs of Regional Member Countries.



Furthermore, the Bank and RMCs should respect CSO views and wishes regarding the content of capacity-building services, particularly in connection with CSO concerns to avoid imported models inappropriate to the settings in which they work.

## 7.5 Good Practice

Although its experience with CSOs is thus far limited, the Bank remains optimistic and committed to effective engagement with civil society in the future. This section offers a synopsis of lessons learned and good practices.

### 7.5.1 CSO Collaboration in the Project Cycle

*CSO-Government Relations:* CSO involvement in Bank-supported activities implies a three-way working relationship among borrowing governments, CSOs, and the Bank. Accordingly, Bank staff should understand the context of CSO-government relations at the country level. While those relations can, in some instances, improve Bank-supported interventions, they can potentially pose constraints in others. In this respect, Bank staff will take extra measures to ensure that their interventions do not undermine existing and representative institutions of governance at the local and national levels. The Bank should encourage RMCs to create an enabling policy environment for CSOs and work with RMC counterparts and CSOs to define complementary roles and establish productive working relations.

*Making Sound Choices:* The identification of appropriate CSO partners requires a high level of selectivity. CSOs should be chosen on the basis of genuine social anchoring, proven competencies, and appropriate cost structure merits close attention. Selection processes can yield better outcomes if there has been early and clear formulation of a rationale for CSO involvement, specification of tasks and competencies required for them, and wide and rigorous recruitment and screening. Among major obstacles to be overcome is the lack of adequate knowledge among Bank and RMC staff, and lack of time and other resources for them to make institutional assessments regarding the potential pool of CSO participants.

*Capacity-Building:* Early diagnosis of shortcomings, organizational systems, and skills needs of participating CSOs and the RMC's implementing agency, and early measures to address them, can mitigate costly implementation problems later. Some projects involving CSOs have experienced problems due to an over-estimation of CSO operational or managerial capacities.

*Sound Design:* Appropriate project design is the most important factor affecting a CSO's ability to realize its comparative advantage.



Mounting evidence points to the advantages – especially where CSOs are involved – of designs based on clear, widely-shared objectives but built on iterative, step-by-step, and participatory processes rather than rigid “logical” frameworks or blueprints prepared in advance, wholly by outsiders.

*Systems for Learning from Experience:* For the Bank and its RMCs, learning to work with CSOs is still at an early stage. Therefore it is important to build into project design the means and incentives to monitor and evaluate CSO-RMC-Bank collaboration.

*A Knowledge Base:* Success in policy dialogue and operations depends on a good understanding of civil society and its settings. Routine information gathering about CSOs and the Bank’s experience with them, and regular analysis of that information, will help underpin quality improvements in Bank operations and policy. Sources of information include other development institutions (especially those with long experience with civil society), CSO networks, directories and databases of research centers.

*Good Communication and Coordination:* Program success depends on achieving effective three-way communication and coordination among CSOs, the RMC (or its implementing agency), and the Bank. This requires careful attention and effort. Staff should encourage the creation of routine channels for good communication. Consultative workshops should take place as early as possible. As required, such workshops should be made routine and transformed into consultative committees.

Such regular consultations can help build trust and facilitate easy communication over the life of a project. Sharing of basic documents, especially those explaining government and Bank procedures, should take place early and systematically. Especially in project zones, information about CSO roles and responsibilities should be made publicly known.

*Remuneration of CSOs:* CSOs should not always be considered “low-cost alternatives” to private or public sector agencies. Some CSOs do not have low “overhead” cost structures, whereas others can and do operate at low cost. However, because local CSOs in Africa often do contribute time and effort free of charge, misunderstandings and ambiguities have arisen about their status and how much they should be paid. It should not be assumed that CSOs will provide services free of charge or at below market rates. Bank staff should therefore require, from the outset, clarity about CSO roles and what services are to be paid for and what not. Appropriate fees and



overhead costs, consistent with Bank Rules on Procurement of Goods and Works, should be negotiated and agreed at the outset.

### 7.5.2 Precautions

Bank-CSO collaboration promises many advantages but also poses potential risks. The injection of too much funds, disbursed over inappropriately long or inappropriately short periods, or aid of a kind that influences the type and the growth of civil society, can have distorting effects. Such strategic errors can cripple civil society's role in fostering a sturdy and inclusive social fabric and in promoting sustainable human development.

For the Bank, such risks make imperative the adoption of a fundamental principle of intervention: *Do No Harm*. The challenges in this principle include:

- avoiding the overloading of CSOs with tasks, expectations, or excessive resources that can expose them to risk of internal stress, distortion of basic purposes, and even of breakdown;
- avoiding funding methods that effectively make CSOs dependent on one donor, disempowering them from mobilizing resources on their own;
- avoiding the creation of illusions that, when CSOs are employed as development delivery vehicles, issues of poverty and governance are automatically being addressed when in fact they may not be;
- avoiding the undercutting of good governance where the use of CSOs as development delivery contractors blurs or obscures just who is accountable for the provision of public services, and how they are to be held to account;
- avoiding tendencies, sometimes associated with the use of CSOs as development delivery vehicles, whereby the enforcement of uniform national policies and standards in goods and services is weakened and fragmented;
- avoiding the worsening of social tensions where CSOs are used carelessly to inject resources into settings where competition for resources is intense and politically laden;
- paying attention to the risks imposed by practices often seen in aid-supported projects, where CSOs, used as intermediaries, impose priorities that may not match the real priorities of intended beneficiaries, and where the use of intermediary CSOs undercuts local social anchoring and ownership of development interventions by beneficiaries.



## 8. PROCEDURES AND RESPONSIBILITIES

The effectiveness of cooperation among CSOs, donors and RMC implementing agencies commonly depends on clarity from the outset about the basis for making choices, who is to carry which tasks, what the procedures, resources, timelines and deadlines are, and who is responsible for enforcing compliance with the agreed plans. Effectiveness also requires that Bank processes be managed as rapidly and simply as possible.

### 8.1 CSO Eligibility Criteria

The diversity of CSO purposes and capacities obliges the Bank to be highly selective in identifying potential collaborators, depending on tasks and circumstances. Not all CSOs possess the purposes, expertise, or social anchoring to make useful contributions to Bank-supported activities. The Bank will select its CSO partners based on their demonstrated comparative advantage. Criteria on social dimensions (such as downward accountability) and proven competence must therefore be applied transparently in making choices about CSO involvement.

To apply these criteria in the selection of CSOs best placed to help the Bank accomplish its goals, Bank staff must have adequate and timely information about CSOs and their civic environments. This requires consistent and deliberate building of the Bank's own base of knowledge and capacity – an important strategy for the use of Bank instruments, as noted in the section above.

#### 8.1.1 Criteria for CSO Involvement in Policy Consultations

Most African countries have many CSOs, and the question of who takes part in consultations and how they are selected are crucial elements in determining the legitimacy of the process. Whenever possible, the Bank shall encourage stakeholders/beneficiary groups to identify their own CSO representatives through consultative forums, umbrella bodies, federations, etc., and grant them appropriate mandates. Leaving selection to stakeholders ensures the credibility of the process, and lowers the risk of criticism that the Bank or the RMCs interact only with favored organizations.

In the course of identifying CSO partners, the Bank shall routinely consult with relevant members of RMC governments, and other bilateral and multilateral partners present on the ground. The selection of CSO participants shall be deemed final only after the consent of the RMC government, at least on a “no-objection” basis.



To enhance the effectiveness and legitimacy of the exercise, the Bank should seek to ensure that the mix of CSO participants reflects at least the following criteria:

- *Institutional Purpose*: participants should share the Bank's overall objective of alleviating poverty while promoting sustainable economic and social development in Africa;
- *Diversity*: participants should fairly mirror the range of stakeholder interests (for example: users/consumers and producers of services; employers and wage-earners; those negatively and those positively affected by a given intervention);
- *Representativeness*: depth and legitimacy of ties to a community or community of interests; accountability to stakeholder/ beneficiary group; gender balance;
- *Valid and relevant knowledge*: not only technical, but also experiential (for example, public health specialists, but also users of health system services);
- *Institutional capacity*: demonstrated capacity in the technical, geographic and sectoral areas of interest, and a track record of effectively working with the poor at the scale of operation envisioned.

#### 8.1.2 Criteria for CSO Involvement in Bank Supported Projects

One set of criteria cannot cover all circumstances, as performance requirements will vary depending on the nature of the task at hand. Specific selection criteria will need to be applied in specific cases. Nevertheless, for operational activities described in sub-section 7 above, the following guiding criteria may serve as starting-points by which to select CSOs:

- *Credibility and legitimacy*: acceptability of the organization to relevant stakeholders;
- *Competence*: relevant, demonstrated skills and skill mix; and a proven track record;
- *Capacity* for making judgments informed by lessons from experience (based on working with different types of CBOs, government branches or aid institutions), and by knowledge of advantages/disadvantages of alternative approaches in local settings;
- *Legal status*: formal recognition or registration in the RMC; in instances where the risk of opportunism is high, the CSO should be able to show proof of that it has existed for at least one year prior to the onset of project identification;
- *Appropriate organizational capacity*: operating structure, scale, and material resources;
- *Local knowledge*; including formal and informal structures, local values and networks;



- *Representativity and responsiveness*: to local people; accountability to members/beneficiaries; gender sensitivity;
- *Internal governance*: sound management, including accounting systems and transparency about them, a readiness to undergo audits, transparent leadership and decision-making processes.

Where CSOs are selected as implementing partners of the Bank and RMCs, the existence of sound and verifiable financial management and reporting system will be applied as additional criteria. In addition to the general criteria set above, CSO will be required to show the existence of a sound financial system – including clear accounting and budgeting standards, annual audited financial statements, a transparent budgeting process, and other indicators that confirm their capacity to assume fiduciary responsibility over Bank resources.

Criteria for selection of CSOs for contracting, including special rules that RMCs may apply, shall be governed by the Bank's *Rules of Procedure for the Use of Consultants and/or its Rules of Procedure for Procurement of Goods and Works*.

## **8.2 Procedures for Handling Proposals for CSO Involvement**

Bank staff should be able to satisfy themselves that a CSO proposed for involvement in Bank-supported activities at a minimum (a) meets the criteria in 8.1.2; and (b) has been selected through an appropriate, fair, competitive and open process. Where the Bank is satisfied that a national CSO umbrella body, or a sectoral network, is able to carry out such selection processes, it may enlist such bodies or networks to assist in such selection, validate prior selections, and make recommendations.

The Bank does not finance CSO projects directly. Where circumstances make it necessary, (for example, competitive bidding in large, complex projects) a CSO seeking involvement in a Bank-supported activity should submit a proposal to the RMC's implementing agency for endorsement and submission to the Bank.

In addition to requirements set by the RMC, a CSO proposal should provide the following information:

- a brief description of the CSO's origins and setting, legal status, organizational and management structure, staff and board numbers (including numbers of women and men), fields of activity and performance record;
- a brief description of the strategy and implementation plan (timeline, tasks assignments including supervision tasks)



guiding CSO activities in the context of the Bank-supported project or program;

- expected results, and the means of verifying them;
- a budget summary, including one-off and recurrent costs, and CSO overhead costs;
- a financing plan, spelling out the costs to be met (in monetary, or in material/labor) by the CSO, beneficiary community and local organizations, and the RMC;
- any additional information necessary or requested by the Bank.

Project Briefs and Appraisal Reports should indicate CSO roles and projected contribution to program or project objectives, lines of accountability and communication with the RMC's implementing agency, and norms used in framing relevant budgetary components. These should be formulated to allow for rigorous assessment of results (through Bank supervision and evaluations missions), but also to allow the CSO itself to steer its work through step-by-step, progressive development of activities contributing to end results. Measurable performance indicators and timelines for CSO activities should be based on realistic projections.

### 8.3 CSO Responsibilities

The rights and responsibilities of a CSO are normally laid down in its agreement or contract with the RMC or the RMC's implementing agency. As a party to the arrangements, however, the Bank normally requires that the CSO fulfil the following responsibilities under that agreement or contract:

**Reporting:** The form and scheduling of reports are to be agreed to between the RMC, or the RMC's implementing agency, and the CSO. However the Bank requires certain minimum criteria. Narrative (progress and completion) reports should relate performance to agreed objectives, backed by information obtained at the level of beneficiaries.

**Financial reports** should relate expenditures to categories in the agreed budgets; where actual expenditures diverge from projected/budgeted expenditures, the divergence should be explained.

**Auditing:** CSO records and control systems relating to Bank-financed activities are subject to periodic audits, in accordance with the Bank's Guidelines for Financial Reporting and Auditing. CSOs must agree to be audited. However, depending on the scale of CSO operations and the amount of funds under CSO management, actual fulfillment of the obligation to undergo a periodic audit may be waived.

**Bank Supervision:** depending on the roles they play, CSOs involved in Bank-financed activities will in principle be included in periodic



supervision missions by Bank staff. Bank staff should ensure that project planning, execution, documentation (e.g., aide memoirs and supervision reports) and follow-ups include discussions with relevant CSOs. Similarly, CSOs are responsible for responding to Bank requests about supervision activities.

**Evaluation;** CSOs formally involved in Bank-supported activities are subject to periodic evaluations of the strategies, methods and results of their activities. Evaluations commonly occur at mid-term and on project completion. Participatory methods and complementary self-evaluation are encouraged.

#### **8.4 Procurement of Goods and Services**

Procurement issues have frequently created stumbling blocks to involving CSOs, or communities broadly, in a timely and effective way. As a general rule, procurement procedures in projects involving CSOs should be kept as simple and streamlined as possible, for example, through the use of simplified bidding documents and the use of methods such as local shopping. The Bank's *Rules of Procedure for the Use of Consultants and Rules of Procedure for Procurement of Goods and Works* should be applied with due regard for the special conditions that favor CSO participation. As CSOs may be unfamiliar with procurement procedures, Bank staff should take special steps to ensure that CSO partners understand procurement rules and time frames prior to their engagement in project activities.

For projects using Social Funds and AGETIPs (Agence Générale de Travaux d'Intérêt Public) the Bank's Procurement, Monitoring and Consulting Services Unit (FPRU) has defined special parameters to allow for rapid and flexible procurement procedures that nevertheless adhere to principles of economy, efficiency and transparency. Several kinds of CSOs are considered consulting firms for these purposes. Moreover, special help may be needed to register those CSOs lacking the computer facilities required by the Bank's computerized system for registering consultants.

#### **8.5 Disbursement**

Responsibility for program and project implementation, and therefore payment for goods and services agreed with CSOs, rests with the RMC or the RMC's implementing agency.

The effectiveness of CSO involvement commonly depends on funds being disbursed in full and on time. Bank staff should help RMCs reduce the risk of delays and frustrations among CSOs by encouraging the following:



- Early and full provision of information about procurement and disbursement procedures, so that CSOs and RMCs understand what they mean, the time they require, and the risks of delay;
- Organizing training for CSOs and RMCs on the Bank's procurement and disbursement procedures as necessary;
- Advance payments, in order to help activity start-up where, as is often the case, local CSOs lack a reserve of ready cash;
- A special account, designed as a revolving fund, may be set up (normally one per project) for making advance payments, and for receiving returned advances. Several special accounts may be authorized within a project where the variety and scale of community-level involvement justifies them.

## **8.6 Functional Roles and Responsibilities in the Bank with Regard to CSOs**

Further to the powers and responsibilities of staff in accordance with the Bank's *Operations Manual*, the following paragraphs outline the relevant activities performed by different parts of the Bank.

### **8.6.1 Country Departments**

Country Departments carry chief responsibility for initiating and managing Bank engagement with CSOs at country and project/program levels. These Departments are tasked with facilitating stakeholder participation in consultations on Country Strategy Papers. With the opening of Bank Resident Missions in member countries, responsibility for engagement with CSOs at country level will devolve chiefly to those Missions.

### **8.6.2 Other Departments**

Supporting Country Department staff in the implementation of Bank policy toward civil society is the responsibility of the Environment and Sustainable Development Unit (OESU). The OESU is mandated to promote stakeholder participation, including CSOs, in Bank-supported activities, with a particular emphasis on crosscutting themes of *poverty reduction, gender, environment, institutional development and population*. Staff responsible for liaison with CSOs, the development of Bank-wide policy and coordination of Bank/CSO relations are located in the OESU.

*The Central Operations Department (OCOD)*, which supports Country Departments to implement the Bank's operations policy, also carries a review and monitoring role to regulate the quality and effectiveness of the Bank's policy and project portfolio.



**The Cooperation Department (OCPU)** is tasked with mobilizing additional funds from multilateral and bilateral sources to reinforce Bank engagement with CSOs.

**The Operations Evaluation Department (OPEV)** is responsible for integrating a focus on “participatory evaluation” through CSOs, as it tracks and explains the performance of Bank projects.

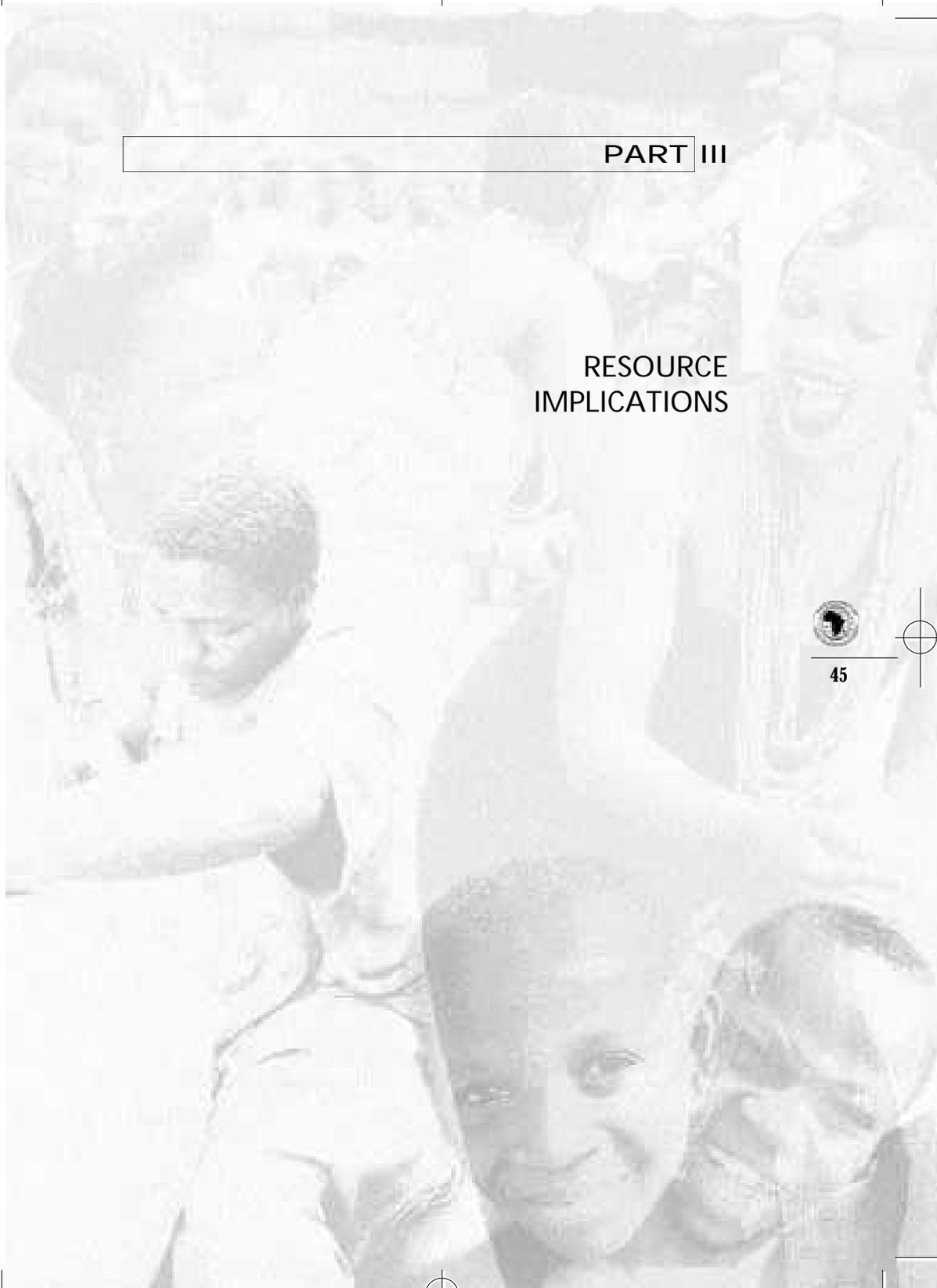
**The Strategic Planning and Research Department (FSPR)** is poised to carry out and coordinate Bank Group research about CSO potentials to impact development and governance.

**The Communications Unit (COMU)** carries responsibilities for dissemination of information, including that on best practices.

**The African Development Institute (CADI)**, the research and training arm of the Bank, and the newly-created Joint Africa Institute will play an increasingly important role in supporting institutional capacity building of CSOs, while also improving Bank’s and RMC’s knowledge and skills regarding CSOs.

**The ADF Microfinance Initiative for Africa (AMINA)** provides grants for capacity building in public and non-governmental institutions regarding microfinance (See Box 2).





**PART III**

**RESOURCE  
IMPLICATIONS**



## 9. INSTITUTIONAL AND RESOURCE REQUIREMENTS

To carry out the above, the Bank will need to make some institutional adjustments. An upcoming organizational study, aimed at helping the Bank operationalize its Vision statement, will address these issues in greater detail. This section sketches the main lines of what is required to operationalize the above policy.

### 9.1 Institutional Commitment

Strong and consistent support by senior management and Board members is crucial to bringing these policies into the mainstream of Bank practice. Outside the Bank, their roles will be vital to articulating Bank standpoints and persuading RMCs of the importance of creating an enabling environment for civil society organizations. Inside the Bank, their commitment will be indispensable, especially to:

- sensitize staff and to gain their cooperation in mainstreaming these policies;
- rationalize resources to enhance Bank capacity to manage new and better relations with CSOs;
- ensure existing Bank incentive and reward systems promote CSO participation;
- assess, steer, and revise these policies on a continuous basis.

### 9.2 Information and Knowledge

The Bank should intensify efforts to draw on and build up in-house knowledge and expertise. It should gain further capacities to learn from its own and others' experiences and research. This will require facilitating staff access to, among other things:

- *databases about CSOs*: the Bank's own database, and linkages with external databases including those accessible via internet; promotion of the use of databases;
- *systematic monitoring and reporting*: of the scale and quality of CSO involvement in Bank-supported activities (insertion of information into the Bank's project database);
- *knowledge acquisition*: scanning for, and communicating trends, innovations and "good practice", drawn particularly from the Bank's work at local and household levels;
- *knowledge sharing*: interchange with CSOs, their networks, their financial backers in private and official aid agencies, and with specialist institutions that provide CSOs with services such as research, training, and organizational development.



### 9.3 Learning Systems

The Bank should design and pursue:

- experimental learning through pilot efforts, and comparative research on CSO involvement in Bank-supported activities, to stimulate the creation/dissemination of such knowledge;
- systematic exchange of accumulated knowledge-from-practice, making the Bank's experience in working with CSOs a matter of routine reflection and learning among staff;
- staff training on specific topics, such as good practice in CSP processes, constraints and remedies regarding CSO legal environments, stakeholder analysis, or simplified contracting and disbursement procedures.

### 9.4 Closer Proximity and More Time

For staff to become more knowledgeable and responsive – and therefore more effective – they should be encouraged to work longer and closer to programming realities on the ground. In this respect, the establishment of Bank field offices will afford numerous advantages for the pursuit of the policies in this paper. Systematic contact with civil society organizations should be a priority task for every Bank field office from the outset. In the meantime, staff should be also be able to undertake the following:

- Field visits that allow adequate time at beneficiary and project levels, where CSOs may be involved;
- Donor coordination in country, and more frequent contact with other institutions and persons knowledgeable about CSOs and their specific settings.

Good information/communication systems and close proximity to program realities can together help staff detect important signals. Thus enabled, staff will be better able to respond to RMC and CSO needs. Good systems also help address procedural bottlenecks, develop corrective measures, and improve the quality of the Bank's interventions.

### 9.5 Resource Requirements

The institutional measures implied in this paper require additional Bank staff time, training, information gathering, and communication – phased over the short and medium term. The Bank will attempt to mainstream these resource requirements into its regular annual programming and budgeting process.

Joint efforts with partner development agencies and specialized research centers represent a means of reducing overheads and duplication and



containing costs. In this respect, current efforts to collaborate with the UNECA African Center for Civil Society in consultative practice, information-sharing and policy development is a step in the right direction, and should be duplicated with other development partners.

Given that the Bank currently lacks a mechanism for the direct funding of CSOs, the establishment of a small grant window in the Bank to finance promising initiatives from civil society is recommended. A Task Force is currently studying this possibility and will make recommendations regarding the feasibility of such a fund.

#### **9.6 Conclusion**

This revised Policy and Guidelines reflect a sincere commitment on the part of the African Development Bank to enhance its relations with civil society. It also reflects a commitment to engage with Regional Member Countries in a joint effort to create the conditions for civil society organizations to grow and contribute to the reduction of poverty and the sustainability of development in the continent. The document may serve as a benchmark and a beacon by which progress and change, including that within the Bank itself, and in its relation with CSOs, may be guided and measured.

This Policy document and its Annexes were discussed and approved by the Board of Directors of the African Development Bank on May 10, 2000. Effective this date, it replaces the Bank Group's previous Policy and Guidelines, Procedures and Mechanisms for Cooperation with NGOs in Africa.



**APPENDIXES**

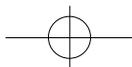
**APPENDIX A:  
PLAN OF ACTION**





**A. ONGOING AND SHORT-TERM (1-2 YRS) ACTION AREAS (Page 1 of 2)**

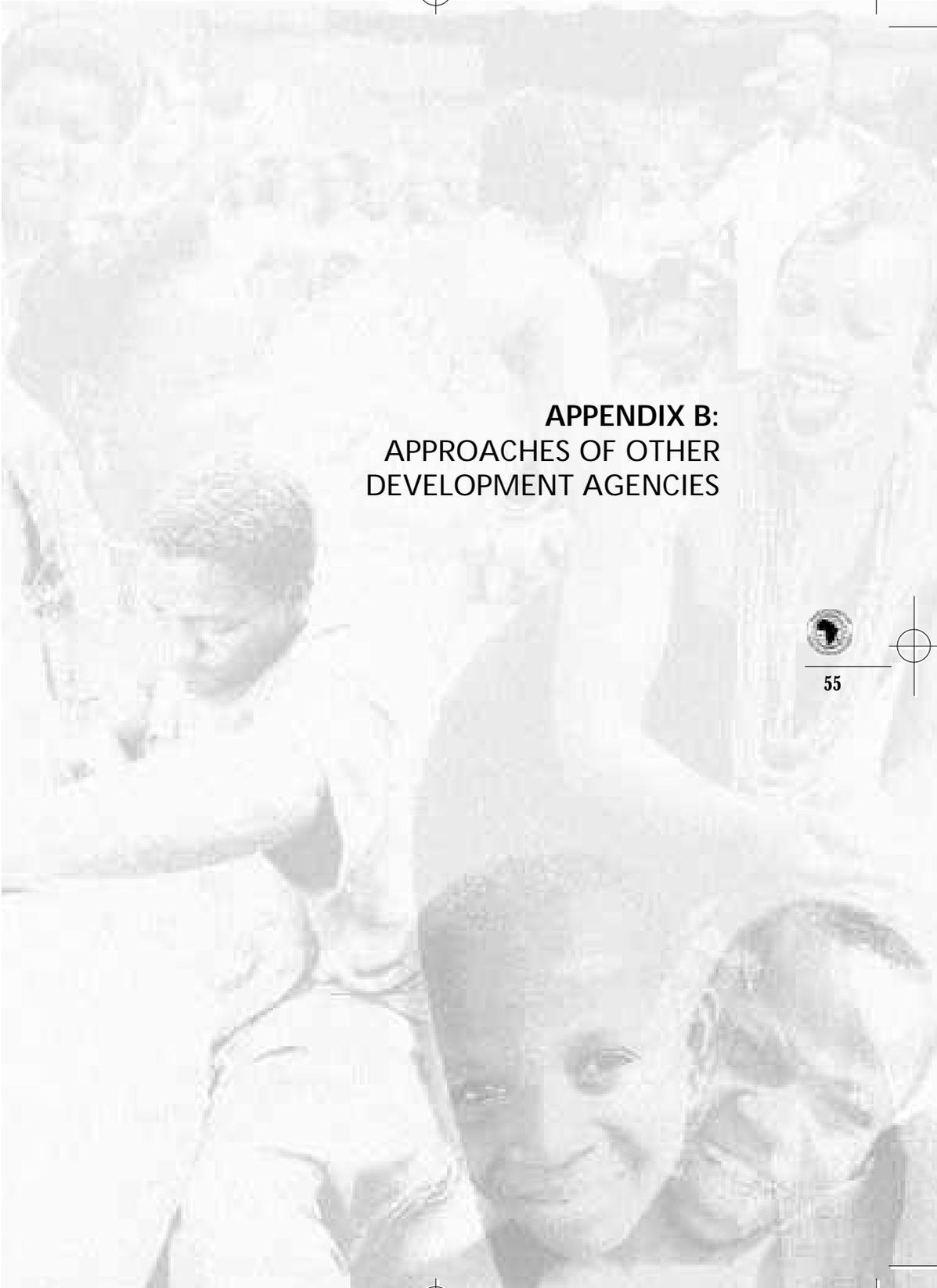
Activities	Objectives	Outcomes	Measuring Progress
1. Systematic consultation with relevant CSOs on the Bank's sectoral strategies.	Improve the knowledge base on which Bank sectoral policies are formulated and revised.	Higher quality new sectoral strategies and improved application of existing sectoral strategies.	Monitor and annually report on the number and quality of CSO consultations in the Bank sector policies and strategies.
2. Systematically draw representative CSOs into authentic consultations with RMCs and the Bank on the process and content of Country Strategies.	Improve the quality of Country Strategy Papers and their preparation processes.	Better-informed country strategies; greater public understanding of and commitment to them; more systematic translation of country strategies into effective programs/projects.	Monitor and annually report on the number and quality of CSO consultations in the CSPs.
3. Facilitate and manage CSO-RMC cooperation at program and project level operations.	Improve the performance of Bank-supported operations, particularly in respect to poverty reduction and good governance objectives, and contribute to sustainability of Bank interventions and benefits	CSOs involved "up-stream" in project cycle; programming more coherently targeted and designed, and more effective implementation. Steering, evaluation and learning systems.	Monitor and report annually on the State of RMC-CSO collaboration at the program and project levels.
4. Building up knowledge management and lessons from best practices to improve ADB/CSO/RMC cooperation.	Improve the Bank's focus on knowledge management as a means to promote effective cooperation with CSOs.	Applying the lessons from the best practices of others towards an expanded and improved role for CSOs in CSPs and the project cycle.	Prepare/disseminate "Best Practice Notes", and organize best practice sharing workshops for Bank staff.
5. Designing and strengthening collaboration with key multilateral and bilateral development agencies and Africa-wide institutions with regard to CSOs.	Improve Bank policy and programming co-ordination with key development agencies at project, country and Africa-wide levels.	Better inter-agency coordination based on a clearer definition of the Bank's comparative advantages ('niche') toward CSOs; thus more effective use of Bank resources.	Develop a multi-agency African NGO/CSO Electronic database, increase collaboration with sister agencies on regional CSO initiatives.



**B. MID-TO LONG-TERM (3-5 YRS) AREAS OF ACTION (Page 2 of 2)**

Activities	Objectives	Outcomes	Measuring Progress
<p>1. Promoting meaningful dialogue among RMCs, CSOs and the Bank on the civic environment in the country and Africa-wide levels.</p>	<p>Contribute to the growth of enabling environments for civil society organizations.</p>	<p>Stronger civil society organizations in more countries operating with more autonomy and accountability; increased RMC readiness to engage with CSOs; emerging Africa-wide norms favoring an enabling civic environments.</p>	<p>Facilitate and participate in country and regional dialogue, and share best practices from other regions on building an effective "triabogue", CSO/RMC/ADB.</p>
<p>2. Strengthening CSO capacities through support to those providing:</p> <ul style="list-style-type: none"> <li>- Coaching and training services in connection with project tasks;</li> <li>- Specialized support services for organizational development;</li> <li>- Opportunities for CSO inter-change and coordination.</li> </ul>	<p>Contribute to the improvement of institutional capacities of civil society organizations and their networks.</p>	<p>Among CSOs partners in Bank-supported activities: improved anti-poverty and good governance performance through better skills and more effective organizational structures and processes; improved processes of mutual learning and reinforcement among CSO networks.</p>	<p>Organize and implement capacity building programs, both as stand alone projects and in the context of regular training through CAD/JAI; strengthen the institutional capacity of the ADB/NGO Committee.</p>
<p>3. Strengthening Bank and RMC capacities through:</p> <ul style="list-style-type: none"> <li>- Streamlining procedures and rules affecting CSO participation;</li> <li>- Training and coaching of Bank/RMC staff to improve knowledge and communication practice in working with CSOs;</li> <li>- Assessing and revising Bank policy.</li> </ul>	<p>Improve Bank and RMC capacities to engage more effectively with CSOs.</p>	<p>Effective CSO involvement in Bank and RMC policy-making and operations process expanded; smoother and more effective cooperation among CSOs, RMCs and the Bank; Bank and RMC policies made more valid and effective; regular consultation with CSOs regarding the Bank's Country Policy and Institutional Assessments.</p>	<p>Ensure CSO participation in Bank policy and project work is mandated in the Bank Operations Manual</p> <p>Organize training/seminars for Bank and RMC staff on improved communication with CSOs; disseminate widely the Bank's Policy on Cooperation with CSOs; make such information available on the Bank web site.</p> <p>Revise and update Bank Group Policy on Cooperation with CSOs, as necessary.</p>





**APPENDIX B:  
APPROACHES OF OTHER  
DEVELOPMENT AGENCIES**



**World Bank**

The World Bank has done pioneering work in the collaboration with CSOs. Up to the 1990s, the World Bank worked sporadically with NGOs, and assigned them auxiliary tasks. NGOs featured in only six percent of projects in the period 1973-88, but by the end of the 1990s they were involved in over half of all World Bank-supported projects, reflecting a shift in the Bank's portfolio toward social sectors, conservation issues, and Social Funds. Internal World Bank research suggests a rising correlation between good project performance and the presence of NGOs. In addition to operations, where they serve as contractors to governments or as collaborators directly subsidized by Bank grants, CSOs are now regularly involved in consultations on the World Bank's economic and sector policies. Involvement of CSOs in the formulation of Country Assistance Strategies has been vigorously expanded in the 1990s. With an enlarged team of NGO/CSO specialists at headquarters and a liaison officer in most Resident Missions, the World Bank has built up on-the-ground presence and a strong knowledge base to underpin its output in policy research and development. It therefore carries considerable policy influence regarding civil society organizations and their settings.

**Asian Development Bank**

Cooperation between the Asian Development Bank and NGOs began expanding in the late 1980s, following formulation of its first NGO policy paper in 1987, and coinciding with a new Bank orientation toward poverty reduction. Projects involving NGOs have risen from five percent of all loan approvals in 1990 to 38 percent in 1997. Provision of information and implementation services have been the main roles of NGOs. Agriculture, rural and urban development, water supply and sanitation, forestry, fisheries, health, population, education, small-scale industry and credit, and environmental management have been main sectors of involvement, but the Bank is now also enlisting NGO cooperation in infrastructure and energy projects. Difficulties encountered in earlier years due to Bank inexperience and unfamiliarity with NGOs are now being overcome; outcomes are said to show increasing success. The Asian Development Bank is now seeking to expand cooperation with CSOs/NGOs in the formulation of its sectoral policies and its Country Operational Strategies (equivalent to the African Development Bank's Country Strategy Papers).

### ***Inter-American Development Bank***

Although the Inter-American Development Bank (IADB) has no single formal framework regarding all civil society organizations, it has long engaged NGOs in operations. This crystallized in 1978, when its Small Projects Financing Program began enrolling NGOs as executing agencies. In 1990 the IADB ratified *Strategies and Procedures* governing its interaction with environmental NGOs. A clear rationale for closer engagement with civil society appeared in its 1994 policy statement underpinning its Eighth Replenishment. "The essential prerequisite for overcoming marginalization and poverty is for society as a whole to support a process of political participation which leads to democratic consensus-building and stable, responsive and transparent government". The IADB engages NGOs and other CSOs on a project-by-project basis. Major involvement has been in health, education and Social Investment Funds. Consultation with CSOs is obligatory where projects involve community resettlement or risks to the environment. CSO involvement in sectoral and country policy-making is still uneven, but their participation in Brazil has shown good results. The IADB operates several funding facilities for which CSOs are eligible for grants and capacity-building support.



**United Nations Agencies**

NGOs and other CSOs have long histories of consultative status and operational collaboration with UN bodies, notably the UNDP, UNHCR, UNICEF, WHO, ILO, UNFPA, IFAD and FAO, as well as with limited-mandate programs to manage emergencies or transitional periods. In the 1990s, UN member states have intensified efforts to both expand collaboration with CSOs and to put it on a more responsive and effective footing. This is exemplified in UN support to CSO participation in global summits (on women, the environment, population, habitat, food, and social sectors).

The UNDP has shown particular vigor in promoting engagement with civil society. In the 1980s, it initiated an effort across the continent to promote NGDO networks and forums at national levels. Subsequently it moved to enlarge the range of non-state actors with which it works. In 1996, it launched its Civil Society for Poverty Reduction in Sub-Saharan Africa initiative, aiming to empower civil society through improved institutional and legislative environments for better policy dialogue between civil society and national decision-makers. To make good its intentions of "building alliances for development" with civil society organizations, the UNDP has undertaken processes of study and reflection, and has reallocated resources to improve organizational systems, culture, and competencies.

Finally, the United Nations Economic Commission for Africa (UNECA) launched its African Center for Civil Society in 1997, complementing it with an Africa-wide Committee on Human Development and Civil Society. These initiatives show promise as bridges and forums for dialogue among CSOs and African governments.



**APPENDIX C:  
SUGGESTED REFERENCES**



Writings on development and civil society now number in the thousands. The following short list contains some key print (marked with a \*) and Internet references and a selection illustrative of the range of relevant written items.

Peter Blunt and D. Michael Warren (eds), 1996, *Indigenous Organizations and Development*, Intermediate Technology Publications, London

Andrew Clayton (ed), 1996, NGOs, *Civil Society and the State: Building Democracy in Transitional Societies*, Intrac, Oxford

\* S. Cleary, 1996, *A Handbook for Working with Civil Society Organizations*, UNDP, New York

Commonwealth Foundation, 1995, *Non-Governmental Organizations: Guidelines for Good Policy and Practice*, London

\* Alan Fowler, 1997, *Striking a Balance. A Guide to Enhancing the Effectiveness of Non-Governmental Organizations in International Development*, Earthscan, London

Paul Gifford, 1998, *African Christianity. Its Public Role*, Indiana University Press, Bloomington

Wachira Maina, 1998, "Kenya: The State, Donors and the Politics of Democratization," in A. van Rooy (ed) *Civil Society and the Aid Industry*, Earthscan, London, pp 134-167

\* World Bank, 1995, *Working with NGOs. A Practical Guide to Operational Collaboration between the World Bank and Non-governmental Organizations*, Operations Policy Department, Washington DC

#### **WEBSITES:**

UNDP's Civil Society Organizations & Participation Program  
<http://www.undp.org/csopp/>

The NGO/Civil Society webpage of the World Bank  
<http://www.worldbank.org/html/extdr/forngos.htm>

African Centre for Civil Society (UNECA)  
<http://www.un.org/Depts/eca/divis/dmd/civil.htm>

African Human Rights Resource Center  
<http://www1.umn.edu/humanrts/Africa/index.htm>



## LIST OF ACRONYMS

<b>ADB</b>	African Development Bank
<b>ADF</b>	African Development Fund
<b>AMINA</b>	ADF Microfinance Initiative for Africa
<b>CADI</b>	African Development Institute
<b>CBOs</b>	Community Based Organizations
<b>CSOs</b>	Civil Society Organizations
<b>CSPs</b>	Country Strategy Papers
<b>ECA</b>	Economic Commission for Africa
<b>IDB</b>	Inter-American Development Bank
<b>NGOs</b>	Non-Governmental Organizations
<b>NGDOs</b>	Non-Governmental Development Organizations
<b>NTF</b>	Nigeria Trust Fund
<b>OAU</b>	Organization of African Unity
<b>PIC</b>	Public Information Center
<b>PRS</b>	Poverty Reduction Strategy
<b>RMCs</b>	Regional Member Countries
<b>TA</b>	Technical Assistance
<b>TAF</b>	Technical Assistance Fund
<b>UNDP</b>	United Nations Development Program
<b>WB</b>	The World Bank

