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**NGO-World Bank Partnerships:
A Tale of Two Projects**

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**NGO-World Bank Partnerships:
A Tale of Two Projects**

by
Toshiko Hino

Abstract

This paper identifies factors important for successful operational collaboration between NGOs and the World Bank. With the recent increase in the number of World Bank projects involving NGOs, it is now vital to examine the experience with collaboration and assess how its quality might be improved. To this end, this report studies the experience of NGO involvement in two World Bank-financed projects.

This paper recommends that when working with NGOs, special attention should be given to the following seven points:

- (i) Ensure that NGOs fully understand the practical implications of working with the government and the Bank.
- (ii) Define the purpose of NGO involvement, especially its complementarity in the government's project, as clearly as possible.
- (iii) Evaluate the capacity of the NGOs early in the design stage before the selection of suitable collaborative mechanisms.
- (iv) Design the procurement plan to meet the specific needs of the NGOs, and make sure that procurement and disbursement procedures work smoothly even where government officials are hostile to NGOs.
- (v) Ensure consistency of supervision through the succession of task managers: and, ideally, continuity.
- (vi) Encourage NGOs to promote the participation of the target population by providing flexible and responsive mechanisms during the supervision.
- (vii) Ensure that adequate administrative capacity exists in the relevant government agencies.

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Introduction

Objective of the Report

This report documents the experience of NGO involvement in two World Bank-financed projects and identifies lessons for better collaboration. Since the late 1980s, the number of World Bank projects involving NGOs has increased significantly. In FY1994, 50 percent of the projects approved by the Bank's Board had some provision for NGO involvement. With this increase, it has become increasingly important to examine the experience with collaboration in order to assess how its quality might be improved. Two case studies were conducted on the following projects: the Program for the Alleviation of Poverty and the Social Costs of Adjustment (PAPSCA) in Uganda, and the Fourth Population and Health Project (FPHP) in Bangladesh.

Methodology and Limitations

The projects were selected through a review of Staff Appraisal Reports. The project selection criteria were: (i) the projects were under implementation for at least two years, and (ii) the projects were in different sectors, preferably Agriculture, Population and Health, or focus on poverty alleviation. Special attention was paid to projects that used different financing arrangements or innovative structures to facilitate NGO involvement.

The research consisted of reviewing background documents, interviewing task managers, including those for similar projects, and visiting the countries. During the mission, interviews were conducted with project personnel, local and central government officials, representatives of NGOs (both those involved in the projects and not involved), bilateral donor representatives, and directly-affected stakeholders and community leaders. During the site visits, people outside of the target population were also interviewed.

The limited amount of time available in each country was the primary constraint faced during the case studies. This was particularly true in Bangladesh, where, because NGO headquarters are widely scattered throughout the country, interviews had to be limited to the NGOs located in the greater Dhaka area. Thus, the findings are based on the experience of bigger, more established, and urban-based NGOs.

Description of Case Study Projects

Program for the Alleviation of Poverty and the Social Cost of Adjustment (PAPSCA): Project Information

After a decade of political turmoil that devastated the economy, the Government of Uganda developed a comprehensive reform program, the Economic Recovery Program (ERP) in 1987. While the Government concentrated its limited resources on the implementation of ERP, designed to benefit the population in the long run, it was also concerned about the immediate

needs of the most vulnerable population. To address these concerns and to mitigate the social cost of adjustment during the ERP, the Government prepared PAPSCA, which was appraised in 1989 and became effective in June 1990. It was formulated by a task force headed by the Ministry of Planning and Economic Development (MPED) and consisting of representatives of other government ministries, the World Bank, UNICEF, USAID, NGOs (ActionAid and World Vision) and Makerere University. Its objectives were to address the most urgent social concerns of Uganda's most vulnerable groups and to strengthen the Government's capacity to assist these groups.

The task force identified six target social groups for assistance: (i) orphans created by the civil war or by the AIDS epidemic; (ii) children with no access to primary education; (iii) women; (iv) the disabled; (v) the urban poor; and (vi) the poor in rural districts. Originally, the task force hoped to raise US\$108 million to finance nearly 20 specific projects. However, the government managed to raise only US\$36.58 million, as follows:

IDA credit	US\$28.00 million
SIDA Grant	US\$3.00 million
Government of Uganda	US\$2.80 million
World Vision International	US\$1.62 million
ActionAid Uganda	US\$0.72 million
World Learning, Inc.	US\$0.44 million

The PAPSCA Coordination and Monitoring Unit (PCMU) was established within MPED. The PCMU, originally consisting of a coordinator, two program officers, and support staff, was responsible for carrying out overall planning, inter-sectoral coordination, as well as monitoring, and evaluation of PAPSCA project components.

PAPSCA had twelve project components. These components and their implementing agencies are shown in Table 1. All project proposals were reviewed against the following criteria: "(i) a strong poverty focus; (ii) high economic or social rates of return, or cost effectiveness; (iii) modest institutional requirements to ensure ease and speed in implementation; (iv) sustainability either through donor funding, cost recovery or through the budget over the project's lifetime; and (v) visibility in sensitive areas, to enhance confidence in and sustainability of the ERP."¹

Box 1. Profiles of Selected PAPSCA NGO projects

Keep Kampala City Clean (SIDA: US\$0.7million) The objectives of this component are to provide jobs and a source of income to relieve economic hardships of the urban poor and jobless, and to raise community awareness of sanitation and health issues while improving the sanitary environment of certain city areas. The Kampala City Council (KCC) recommended the Committee for International Self-Reliance (CIS), which had worked with KCC on similar projects. CIS hired urban poor and jobless people for labor-intensive methods of street cleaning, grass cutting, garbage collection etc. KCC is, subject to the availability of funds, planning to finance some or all of its activities after the project completion.

¹ Quotations are based on respective appraisal reports and other relevant World Bank information unless otherwise noted.

Box 2. Profiles of Selected PAPSCA NGO Projects

Small Scale Infrastructure Rehabilitation (IDA: US\$4.19million) The objective of this component is to improve the living standards and working conditions of some of the poorest communities by providing additional resources to rehabilitate infrastructure. It provides both technical and project management training directly to the beneficiary communities and to the District Development Committee. To date, 161 community projects have been approved and 96 completed, a total of 33 Resistance Councils, 2 RC2, 13 RC3, 53 Project Committees and 8 PTA received training in project management in the hope that this would equip them to undertake operation and maintenance of sites after project completion. The task manager reports that "through community dialogue and training, there are now indications that communities have the capacity to look for solutions and go their own way after the Credit closes." Based on the good, collaborative relationship with District officials, ActionAid is planning to hand over its activities to the District after the project completion.

Health and Training Programs for Orphans and War Widows (three components: IDA, US\$7.78million) The overall objective of these components is to improve the health status of two particularly vulnerable and disadvantaged groups - war widows and orphans. The three components are: Orphans (\$4.95million) in Rakai, Masaka, and Gulu districts; Health Development (\$1.33million) in Masindi district; and Widows (\$1.5million) in war-ravaged Luwero district. The first two components were implemented by World Vision, and the last, by Uganda War Widows Foundation (UWWF).

World Vision components: The preliminary 1994 mid-term evaluation report indicated positive changes in the health status of residents in project areas. In Rakai alone, the project has supported more than 20,000 orphans each year. World Vision is planning to continue these projects with its own financing after the PAPSCA completion.

UWWF established four health clinics, trained 55 widows as community health workers, provided agricultural inputs and training to widows, and started a revolving loan system for widows to start their own income generating activities. It also constructed a complex consisting of an office, staff quarters, and a health center.

The Fourth Population and Health Project (FPH): Project Information

The Fourth Population and Health Project aimed at improving family planning and health services at grassroots levels through better management and a comprehensive approach. It had two sets of specific objectives. The population component targeted increasing the contraceptive prevalence rate (CPR) from 33 percent to 45-50 percent, decreasing total fertility rate (TFR) from 5 to 3.3, and decreasing crude birth rate (CBR) from 38.2 to 30.1 per 1000 in the period 1990-1995. The second, i.e. the mother and child health (MCH), component envisaged reducing the infant mortality rate (IMR) from 110 to 80-85 per 1000, maternal mortality rate (MMR) from 6-7 to 4-5 per 1000, and under five mortality rate (UMR) from 188 to 140-145 per 1000.

Table 1. PAPSCA Project Components

Implementing Agency	Component Name	Cost (Us\$Million)	%
Government Ministries			49.5
Ministry of Education/Sports	Primary Education Rehabilitation	12.65	35.3
Department of Statistics	Social Dimensions of Adjustment	5.06	14.1
Local Government			8.0
Kampala City Council	Low Cost Sanitation Improvements	2.88	8.0
NGOs			42.5
ActionAid	Small Scale Infrastructure Rehabilitation at Kamuli	4.19	11.7
World Learning, Inc.	Small Scale Productive Enterprises	1.346	3.8
World Vision	Support for Orphans in Masaka, Rakai and Gulu	4.95	13.8
World Vision	Masindi Primary Health Rehabilitation	1.33	3.7
Uganda War Widows Foundation	War Widows Rehabilitation at Luwero	1.5	4.2
Committee for International Self-Reliance	Keep Kampala City Clean	0.70	2.0
Apac Development Foundation	Women in Agricultural Development at Apac	0.40	1.1
Lira District Development Agency	Assistance to War Widows and Orphans in Lira District	0.40	1.1
North Kigezi Diocese	Assistance to AIDS Orphans in Rukungiri District	0.40	1.1

The project approached these objectives through the following four main components: (i) strengthening the family planning service delivery; (ii) strengthening the health services delivery; (iii) improving the supportive activities to the delivery of family planning and health services; and (iv) women's and nutrition programs. The project, which started in FY92, has more than 60 sub-components with a total cost of over US\$640 million. Thirty percent of the total cost is financed by IDA, 27 percent by Government of Bangladesh, and the rest (43 percent) by 11 cofinanciers (all grants). NGOs are mainly involved in the following two sub-components:

Promotion of Community Participation Sub-Component.

In order to increase the CPR, a major effort to improve access to family planning (FP) services was planned. The main outreach services were to be provided by 40,000 Government Health Assistants (HAs) and Family Welfare Assistants (FWAs), the number of which represented about a 25 percent increase nationally. Because of the recurrent cost implications of this increase of personnel, the government planned to use one NGO named Swanirvar along with other government agencies to function as an interface between FWAs and clients. This component was financed by IDA.(US\$5.4million)

The Swanirvar, meaning "self-help", movement aimed to promote integrated rural development through community participation based on the concept of self-reliance, with the main thrust on income generating activities. Swanirvar divided a village into the following five groups: farmers, the landless, women, youth, and members of various vocational groups. Each group had its own committee and selected two representatives, farmers' groups select three, to form a village development committee. This committee was responsible for overall village development.

Swanirvar assisted landless and women groups, limited to wives and daughters of landless farmers, in organizing loan groups which negotiated with commercial banks for group loans. Loan representatives, nominated by loanees, were responsible for the collection of weekly savings and loan repayment of group members. Swanirvar's plan for incorporating FP services was to train loan representatives as family planning agents, who would distribute contraceptives as well as provide family planning information to loanees and refer them to FWAs.

An evaluation of FPHP Swanirvar component by an independent firm reported that, while CPR in the project areas was higher, 54 percent, than that of non-project areas, 37 percent, Swanirvar groups disbanded in many villages (in 17 out of 40 randomly selected villages, Swanirvar groups no longer existed), and the number of participants decreased significantly (only 15 percent of currently married women and 13 percent of unmarried women in Swanirvar villages were affiliated with the Swanirvar program).

"Supporting NGOs" Sub-Component

This sub-component has financed 46 NGOs to date through the Bangladesh Population and Health Consortium (BPHC).² This component was created due to government's recognition of NGOs' contribution in this sector. At project appraisal, 156 population and health projects were being implemented by NGOs and 1989 data estimated that NGOs may have contributed up to 36.5 percent of the family planning protection.

² BPHC was created in 1986 by the Overseas Development Agency to support NGO activities.

The objective of this sub-component was for NGOs to contribute to the government targets for increasing CPR and reducing infant and child mortality rates. To this end, the government and NGOs agreed that:

- NGOs' family planning programs would develop integrated primary health care approaches;
- NGOs' health activities would evolve more effective mother and child health referrals;
- NGOs would extend their field activities to areas of greater need;
- The Government would ensure regular contraceptive supplies to NGOs;
- Government's family planning clinical surveillance teams would cover NGO clinics; and
- The NGO secretariat would process new NGO proposals within 90 days of submission.

This sub-component (US\$8.5million) was financed as follows:

ODA ³	US\$6.0million (70%)
SIDA	US\$1.5million (18%)
Netherlands	US\$1.0million (12%)

Additional funding from the Canadian International Development Agency (CIDA) for BPHC's operations research function was to be made separately. Evaluation of individual NGO projects was not done, but descriptions of sample projects are found in Box 2.

Lessons Learned

From the two case studies, the following seven points emerged as important factors for enhanced collaboration:

- Mutual understanding of the collaborative arrangement was needed at the project design stage.
- The purpose of NGO involvement had to be clearly defined and mutually agreed.
- There had to be a thorough evaluation of NGOs' institutional capacities in advance.
- Procurement and disbursement systems had to function smoothly.

³ Overseas Development Administration (United Kingdom)

Box 3. Profiles of Selected BPHC-Financed NGO Projects: Bangladesh Nari Progoti Sangha (BNPS), Sandwip

Three Year Budget:	£69,939	Start of Project:	1st January 1990
Villages covered:	3	Eligible couples	1592
Total Population:	10931	CPR:	23.86%
Households:	1706	Children < 1 year	309
Cost of programme per population per annum:	£2.21		

Bangladesh Nari Progoti Sangha was started in 1987 as a voluntary women's organization. The central aim of the organization is to empower women in the target area to enhance their status, to improve the quality of life and to change their traditional role in the family and society. To attain this goal, the organization is working with women for group formation and conscientization, skill training, income generation through savings and credit, literacy for children, development education and health care services for women and children.

Sandwip island is very remote and conservative and regularly affected by cyclones and flooding. Both government and NGO health services are lacking. BNPS now runs an integrated MCH and FP programme, awareness raising, participation amongst religious people and women.

Box 4. Profiles of Selected BPHC-Financed NGO Projects: Manikgonj Janoshankha Simitakaron Samity (MJSS)

Three Year Budget:	£77,441	Start of Project:	1st July 1989
Villages covered:	30	Total Population:	25066
Cost of programme per population per annum:	£1.02		
		Eligible couples:	4743

MJSS was established in 1975 by local elite of Manikgonj. Initially MJSS opened a clinic which provided sterilization services as part of the FP service delivery. OXFAM (UK) also provided funds to MJSS for 5 years.

MJSS has concentrated on community-based service delivery and just received Government of Bangladesh GOB clearance to provide clinical FP. Unusual for most of the BPHC projects, MJSS female field workers undertake their duties on bicycles.

Center for Development Services (CDS)

Three year budget:	£147,848	Start of Project:	1st March 1989
Cost of programme per population per annum:	£0.81		

CDS is a national level service organization providing grass-root NGOs with technical assistance and co-ordination. CDS has, for many years, supported 19 family planning NGOs funded by the Asia Foundation. After receiving many requests for help from small local-level NGOs, CDS approached the NGO Office for funding and has, since 1988, been supporting five NGOs in different parts of the country which are providing integrated population and health programmes.

- Consistency in bank supervision was needed.
- The participation of the target population should be actively promoted.
- There had to be adequate capacity within the relevant government agencies to work with NGOs.

Mutual Understanding of the Collaborative Arrangement at the Project Design Stage

Most of the NGOs involved in these two projects had previously considered the Bank as a donor agency that might offer grants directly to them, and many Bank task managers had expected that NGOs would generally be capable of implementing projects provided that the sub-project size was small. The four-part collaboration among the Bank, co-financiers, government, and NGOs was new to everybody involved in these two projects. However, it seems that neither NGOs nor the Bank reflected adequately on the uniqueness of this four-part collaboration. Two sets of misunderstandings and problems have arisen as a result.

NGOs: False Expectations from a Lack of Understanding

The critical element which tended to be overlooked by NGOs was the fact that ‘working with the World Bank’ meant working with the government. There already existed many successful cases of donor-NGO collaboration in both Uganda and Bangladesh, and NGOs expected the same type of collaborative arrangements. As described above, prior to the involvement, many NGOs had expected that the Bank would have the same one-on-one direct financing mechanism as other donor agencies.

However, even NGOs that knew and understood the system did not question its practical implications.

‘We knew that the money coming from the World Bank is loaned to the Government, but never expected that we had to deal with the government in every single matter.’ (NGO representative)

Why did this happen in spite of the fact that NGOs were involved in the project design stage as members of the Task Force for PAPSCA? It was partly because NGOs were not accustomed to discuss or negotiate the funding mechanism with donor representatives. Usually, NGOs make their own proposals and submit them to donor agencies for possible funding. The decision to finance or not is totally in the hands of donors, and once the proposals are accepted, NGOs simply have to follow donors’ financing mechanisms. These experiences may have prevented NGOs from questioning the details of this new arrangement.

In PAPSCA’s case, even World Vision, a well-informed NGO and a member of the Task Force for PAPSCA, had assumed that the collaborative process would be more or less the same

as for bilateral donors. Their surprise at discovering that they were required to follow a different system was apparent in their 1992 report as follows:

“The agreement confirms that the World Bank money is lent directly to GOU (Government of Uganda), not to World Vision; thus all the funds granted to World Vision come from the GOU, not WB. This has important implications, such as:

- Central Tender Board must approve disbursement of funds.
- Funds are distributed at the official government rate for dollars, which is below the local banks' Forex Bureau rate by 15-30 percent.
- International Competitive Bidding (ICB) and Local Competitive Bidding (LCB) are required for major procurements.
- Most importantly, *assets purchased with WB/GOU funds belong to GOU upon project completion.*”

Even two years after project effectiveness, the World Vision report still recommended that “rather than using intermediaries, direct relationship with World Bank management should be considered.”⁴

The Bank: Limited Understanding of NGOs

The Bank's experience and knowledge of working with NGOs at the time of the project preparation was still quite limited. The Uganda NGO sector study, which is one of the first NGO studies done by the Bank, was completed in 1994. The Bank's Resident Mission in Kampala now has a person liaising with NGOs, but only since 1993. Thus, at the appraisal time, the Bank did not have much information on the NGO sector in Uganda. In Bangladesh, the Bank's NGO sector study is still on-going and an overview of NGO activities in the population sector was only recently published by Pathfinder International. This limited understanding of NGOs, together with the typical over-expectation which idealized NGOs, prevented the Bank from questioning their capacities and selecting the ones suitable for the task.

Clearly Defined Purpose of NGO Involvement

Projects need to define as clearly and precisely as possible the purposes for involving NGOs because the form of NGO involvement and needed capacities will depend on these purposes. For both NGOs' and the government workers to collaborate effectively, it is necessary to clearly state (i) the role of NGOs in a government project, especially its complementarity; (ii) the reason to involve NGOs; and (iii) the mutual support/liaison structure between the government agencies and NGOs. It would not only improve the effectiveness, but also reduce unnecessary rivalry between the NGO and government workers.

⁴ Voorhies and Graff, 1993.

PAPSCA

The decision to involve NGOs came from the PAPSCA Task Force during project preparation. After examining ongoing investment projects and following the view “expressed by donors...that the task of rehabilitation is severely constrained by the Government’s very limited implementation capacity,” the Task Force recommended to envisage “alternative channels for the delivery of basic services while the Government’s implementation capacity is rehabilitated under the ERP.” “The obvious channel consists of NGOs, working with local authorities, who have demonstrated an ability for reaching the target groups;...These experiences led the Task Force to conclude that the RC system, in conjunction with a facilitating NGO presence or an effective ministerial project implementation unit, should be the primary mode of community mobilization for service delivery in PAPSCA.”

Task force members agreed about the limited capacity of government agencies, but none of them questioned the capacity of NGOs. No effort was made to determine the NGOs’ capacities required for successful service delivery and effective collaboration with RCs. Furthermore, several NGOs did not fully understand the importance of empowering RCs and in some instances their projects undermined the local RC structures.

FPHP

While the reason for Swanirvar’s involvement in the project was explained, discussed earlier, there was no clear, precise indication of the purpose of NGO involvement for the NGO support component. The objective of the NGO support component was listed as “providing funding and technical assistance to local (Bangladeshi) NGOs in the health and family planning sector.”⁵ However, there was no clear explanation on why it was strategically important for the project to provide funding and assistance to NGOs. Furthermore, as the project did not establish any link between this component and the rest of the project, all involved NGOs implemented their projects more or less by themselves without benefiting from the collaboration with the government agencies.

Evaluating the Capacity of NGOs

As in the case of any implementing agencies, technical and institutional capacities of NGOs need to be carefully evaluated against the requirement for successful implementation. The clearer the funding objectives, the more precisely the required capacities can be defined, which then enables more focused evaluation of NGO capacities during the selection process. In addition to these specific technical capacities, other factors such as (i) proven track record, (ii) legal status, (iii) relationship with government, and (iv) (in the case of grassroots organizations,) their representativeness need to be evaluated.

PAPSCA

There was no explicit selection process, nor selection criteria for NGOs to participate in the program. At appraisal, both the Bank and the government expected to raise the full US\$108

⁵Bangladeshi Population and Health Consortium, 1992

million to finance all the projects proposed by NGOs and the team did not see any need to select NGOs.

The only qualification required from NGOs was that they ‘have demonstrated a capability for reaching the target groups,’ but this criterion was not applied because no selection took place.

In fact, two indigenous NGOs, Apac Development Foundation and Lila District Development Agency were even created after the project approval specifically to implement PAPSCA components. The Uganda War Widows Foundation, although not totally new, was created several months before the approval of the project. No arrangement was made to provide support or training to these NGOs, because the Bank did not pay much attention to the capacities of NGOs. Other NGOs satisfied the above criterion, but their plans were to start new projects in regions totally new to them. It is apparent that the Bank team was not concerned to capitalize on the previous experiences and knowledge of NGOs specific to the project areas.

FPHP

When BPHC started its operation, it did not evaluate NGOs on their technical/institutional capacity and representativeness during its selection process. It did not have specific technical capacities or benchmarks against which to evaluate NGOs. The result was the variety of activities, types, sizes and capacities of currently financed NGOs. Later during the project, when BPHC decided to move towards capacity-building service provision, all financed NGOs had to go through the capacity-building exercise because BPHC did not know the capacity and training needs of individual NGOs. Although some NGOs regarded this as a waste of time because they believed their capacity was already sufficient, many acknowledged the value of this exercise and the training provided by BPHC.

Under the community participation component, Swanirvar’s capacity was not evaluated either. The government offered Swanirvar the opportunity to implement this component without going through any open selection process. There were several reasons for this, such as:

- Swanirvar’s involvement in the previous family planning projects;
- Its close ties to the Government agencies coming from (i) its unique history, ‘Swanirvar Bangladesh initially began as a government sponsored movement for increasing food production in all the districts of Bangladesh following the devastating floods and famine in 1974’; and (ii) its personnel, described as follows: ‘serving and retired government officials and other functionaries, public social leaders which include even some former Ministers of the government,...work for Swanirvar Bangladesh on voluntary basis.’⁶
- Its self-help philosophy, especially the emphasis on villagers’ voluntary work.

However, according to the evaluation report of Swanirvar project, Swanirvar apparently did not have adequate institutional and technical capacities, which resulted in less than satisfactory performance of the component. Comparing this Swanirvar project with another Swanirvar

⁶ Swanirvar Bangladesh, 1994.

population project financed by USAID revealed the following two factors which contributed to the success of the latter project:

- The provision of technical assistance by Pathfinder International; and
- The provision of training and monetary incentives to field workers.

Technical assistance provided by Pathfinder considerably strengthened the capacity of Swanirvar counterpart. Swanirvar is divided vertically into project teams based on their sources of financing. Through interviews and reading reports, it became apparent that the Pathfinder-assisted Swanirvar team had significantly higher institutional capacity than the FPHP Swanirvar team. According to the project's 1993 annual report, "the Pathfinder program staff paid a total of 57 visits to project sites and 4 visits to Dhaka central office (of Swanirvar) to provide necessary technical assistance for project implementation. Pathfinder also organized a total of 5 meetings with central office staff to review project performance, and develop further action plans." The project served 434,705 eligible couples in 1,239 villages in 34 Thanas. CPR increased from 20 percent in 1987 to about 55 percent in 1993. The project introduced a service charge for contraceptives in 1990, and as of December 1993, 89 percent of users paid a service charge. The collected fee for the last 3 years amounts to US\$72,522.⁷

The focus of Pathfinder's assistance was on ensuring the provision of training to field workers.⁸ Pathfinder assisted Swanirvar staff to provide orientation to all newly recruited staff and volunteers, and to prepare and implement an annual training plan for all its staff and volunteers. This training and frequent contacts with higher level personnel boosted the morale of field workers in addition to the, albeit small, stipend.

This experience teaches the importance of evaluating the capacity of NGOs, preferably during an open selection process. For this, the government and the Bank need to clearly define the objectives of NGO involvement and the specific capacities needed. This evaluation will allow them to define the course of action needed (including arrangements for technical assistance, if needed), as well as the form of NGO involvement.

Structures Involving NGOs.

Based on the purpose of NGO involvement and the evaluation of NGO capacities, the form of collaboration will be determined. The case study looked at two different structures involving NGOs. One is supply driven in which the project contracts out some components which, for some reason, are judged to be implemented more effectively by NGOs than government agencies. PAPSCA had various components which were contracted out to NGOs, and FPHP involved Swanirvar this way. In this form of involvement, NGOs were usually treated like private contractors or government agencies as implementing agencies of project components.

For this, it was essential to select NGOs with adequate implementing capacity. However, if needed, capacity may be enhanced through providing technical assistance as seen in the Pathfinder-assisted Swanirvar project.

⁷ Swanirvar Bangladesh, 1994.

⁸ Pathfinder International/Dhaka. 1995

An alternative structure is demand driven: a social-fund-type mechanism for financing various NGOs' sub projects. In this structure, small NGOs, community-based groups, and local governments present their project proposals for possible funding. The emphasis is more on local initiatives, participation and empowerment of directly affected stakeholders than efficiency of project implementation itself, although higher sustainability, thus long-term efficiency, is envisaged by involving these stakeholders. In many cases, the Bank has provided capacity-building assistance to these small groups in order to ensure successful implementation of the project. International NGOs or established indigenous NGOs often provide such services. In FPHP, 46 NGOs are currently involved in this approach through BPHC, which provides capacity-building assistance to funded NGOs.

Obviously the overhead cost differs significantly between the two structures. For example, in the FPHP, PHO (the Bank's Population and Health Office in Dhaka, created under the Third and Fourth Population and Health Projects) reflects the first approach and spent only about one percent of the project cost to oversee all components of the project, BPHC (which reflects the second approach) spends more than 30 percent of the total project component cost to oversee and assist 46 NGOs.

In order to select an appropriate structure, it is important to set the clear purpose of NGO involvement, determine the required capacity of NGOs for successful implementation, and evaluate the actual capacity of NGOs and their needs for capacity building. Of course, not only the short-term, but also the long-term cost-effectiveness, as well as the strategic importance of the contribution of these NGOs, need be considered.

Functioning Procurement and Disbursement System

Special attention must be paid to the procurement and disbursement systems because most NGOs are not familiar with commercial bidding procedures and government agencies are not experienced at disbursing funds to NGOs. It is imperative to ensure that the system for procurement and disbursement works effectively, because delays in these activities can hamper NGOs' performance significantly.

Procurement

Sixty two percent of the PAPSCA project cost was tied to ICB and LCB. While these competitive bidding methods ensure a fair opportunity to all eligible bidders, the other benefits of these methods, i.e. economy and efficiency in the execution of the project, may not be achieved under certain conditions. These competitive bidding methods require participants to have:

- Sufficient basic equipment to implement the project before the arrival of procured goods;
- Sufficient knowledge of bidding procedures and institutional capacity; and
- Fairly accurate needs assessment at the onset of the project.

In case of PAPSCA, most implementing agencies had none of the above.

The first condition, sufficient basic equipment to implement the project before the arrival of procured goods, was not met because none of the NGOs had sufficient basic equipment to implement their new PAPSCA projects given that they were operating in new regions with a much bigger area of coverage than they were used to. Thus, the use of ICB for procurement of immediately-needed equipment contributed to a delay of more than a year for many project activities at the beginning. The limited capacity of government bureaucracy added to the delay. While waiting, all implementing agencies had to borrow cars and motorcycles, and sometimes hired lorries in order to continue project activities. This not only increased the project cost without any gain, but also hampered project activities significantly.

The second condition, sufficient knowledge of bidding procedures and institutional capacity was not met because both the Bank procedures and the commercial bidding process itself were new to NGOs. While the PCMU was created to compensate for NGOs' inexperience in competitive bidding, its limited capacity prevented it from fully performing this role.

The third condition, fairly accurate needs assessment at the onset of the project, was not met because most NGOs did not have sufficient capacity or experience to prepare such assessments in their assigned regions. Although some of the NGOs had experience in implementing similar projects, many of them started projects in new districts without extensive knowledge of the targeted population. In such a situation, it was almost impossible to perform a reliable needs assessment without a heavy investment in baseline surveys, which most NGOs could not afford. Even World Vision admitted that "the program's original detailed implementation plan overestimated what could be accomplished in the time frame established and underestimated many budget areas. As a result, a gap exists between original targets and performance...There was a lack of accurate data regarding the number of orphans and actual needs for the district...Program staff involved in the original design work suggest that the proposals were initially done hurriedly to meet World Bank deadlines and lacked sufficient data."⁹

In addition to the above, the limited capacity and the irregular practice of the Central Tender Board aggravated the situation. "A further problem on procurement was raised where it was reported that when the Central Tender Board (CTB) received a tender evaluation after bids had been opened, some members were recommending that there were other local suppliers who could supply lower bids in a quicker delivery time. These other suppliers were then requested for a price and recommended for award being the lowest received. After which the awarded bidder re-negotiated at a higher rate an increase to his bid price and fails to supply the goods in the agreed time. The mission advised that this was in direct contravention of Bank procurement Guidelines and that CTB be advised to stop this irregular practice."

Disbursement

Under FPHP, BPHC experienced a major disbursement problem due to a failure of the mechanism by which the Government was supposed to, but in the event not willing to, submit disbursement requests to the Bank for BPHC funding. Government workers were reluctant to

⁹ Voorhies and Graff, 1993.

make such requests for funds going straight to NGOs. Until the beginning of 1994, no trust funds deposited by SIDA, CIDA, or the Netherlands had been released. Without ODA's direct financing mechanism, which offset this initial delay, many NGOs could have experienced serious financial problems.

Consistency of the Bank Supervision

Frequent changes of task managers and insufficient communication between the out-going and in-coming task managers negatively affected implementation. In the first two years after appraisal, PAPSCA had four task managers, one of them lasted only for a few months. World Vision describes a typical problem encountered by NGOs during this period as follows: "A verbal commitment was made that if the school tuition assistance program went well and moved quickly, additional funds could be added. Yet, these commitments were not realized, and after a short period the second task manager was replaced by a third."¹⁰

The biggest problem caused by this high turn-over of task managers was the delay in taking remedial measures. It took more than two years after project implementation for the Bank to address the staffing issue of PCMU. When the first task manager's plan, i.e., creating a powerful PCMU with personnel conversant with Bank procedures, did not materialize, the Bank should have taken remedial measures immediately. However, the importance of this unwritten agenda was not fully communicated to the succeeding task manager. This new task manager had experience with a similar project in Ghana (PAMSCAD project - the Program of Actions to Mitigate the Social Costs of Adjustment), but in this, government ministries handled their own procurement as implementing agencies. He had no prior experience in working with NGOs and had assumed that all implementing agencies were knowledgeable enough about Bank procedures.

Therefore, he did not see much need for improving the PCMU's administrative capacity nor training NGOs on Bank procedures. Before he had time to realize the real situation, he was replaced by the third task manager, who only stayed for a few months. As a result, a situation in which "neither PCMU staff nor NGO staff were familiar with ICB and LCB procedures and requirement"¹¹ lasted until the mid-term review, when the fourth task manager finally took remedial action.

On the other hand, in FPHP, the existence of PHO and BPHC had contributed positively to create a closer working relationship with NGOs. Swanirvar commented positively on the responsiveness of PHO and most of the NGOs funded through BPHC appreciated the frequent contacts by BPHC personnel. Several NGOs mentioned that the BPHC was the first donor agency that treated NGOs as true partners.

However, it needs to be emphasized that it is responsiveness and the ability to make timely decisions that NGOs value most from a donors' local offices. During interviews, most NGOs involved in PAPSCA suggested that the Bank's task manager should be stationed in Kampala to improve the collaborative process between the Bank and NGOs. Some went on to say that they

¹⁰Voorhies and Graff, 1993.

¹¹Voorhies and Graff, 1993.

needed quicker decision making on the part of the Bank. They mentioned that, while the third task manager did stay in Kampala, he was too busy with other tasks and was not responsive enough. Several BPHC-financed NGOs suggested that BPHC's own decision making process be decentralized as BPHC personnel could not make any decision during its manager's absence.

Promoting Participation

Involving NGOs does not automatically mean that the target population is participating, nor that their voices are heard. With regards to the participation of target population, the following points were observed from the experiences in the PAPSCA project: (i) importance of the target population's participation at project design stage, and (ii) importance of providing mechanisms for flexibility and encouraging NGOs to communicate any changes deemed necessary during implementation.

Participation at the Design Stage.

Unless NGOs have had previous working experience in particular communities, it is advisable to allow them adequate time and to provide them support with which they can undertake effective beneficiary consultation and to incorporate it into project design. According to the World Vision report, 'program staff involved in the original design work suggest that the proposals were initially done hurriedly to meet World Bank deadlines and lacked sufficient data.'¹²

Another example is that of a complex consisting of a staff apartment, an office and a clinic built by the NGO UWWF in Luwero. Was this complex needed by widows living there? None of the six widows that the author interviewed in Kamira said so. One widow was afraid of the possibility of higher fees for medical services once the big complex opens. All of them expressed their satisfaction with the existing medical system created by UWWF, which consists of small clinics run by nurses and the network of trained community health workers. Only one widow said that she supported the complex as long as UWWF provides an underground water tank with it to supply water to the residents.

During Implementation: Flexibility and NGO Feedback.

Securing water had become the priority of Kamira residents. All the widows interviewed in Kamira district said that they desperately needed water. Luwero region was hit by drought continuously for 3 years and even cassava—believed to be drought-resistant—was not yielding a crop. At the start of the project, UWWF repaired the village borehole pump, which was supposed to be still in good shape, but stopped working soon after because there was simply no more water. Since then, widows went to a river about three miles away, but it also dried up. Now, some of them go to a lake about ten miles away and others, to a borehole in a village about seven miles away. Fetching water has become a full day's work for many of them.

UWWF was not so responsive to the widows' requests for water. According to two widows, after many requests, UWWF discussed a plan to build an underground water tank which

¹² Voorhies and Graff, 1993.

would cost about 7 million Uganda shillings (equivalent of US\$7,056), and asked for contributions from residents. Since nobody was willing to pay, nothing had happened. Meanwhile, following the project plan faithfully, UWWF procured five maize mills, distributed agricultural tools, seeds and agro-chemicals to widows and taught them how to cultivate the land. However, without water, no crops grew, and almost none of the widows in Kamira used farming for their income-generating activities. Many of them took up cattle-raising, but had to send cattle to be raised by relatives in other regions because of water shortages. It was only when PCMU personnel visited the project site and identified the problem that the task manager started to take action.

Why was UWWF not so responsive to the widows' needs? There seemed to be three reasons which prevented UWWF from changing the original project plan. The first was UWWF's strong belief in the project plan made by a consultant hired with Project Preparation Facility funding. Since it was designed by an outside specialist and expensive, the project plan gained more prestige than widows' voices in the mind-set of management personnel. The second reason is UWWF's eagerness to show that UWWF is an organization capable of implementing a project as planned originally. The last is its uneasiness to re-negotiate with the World Bank.

Adequate Capacity of Government Agencies

The PAPSCA Task Force acknowledged "the Government's very limited implementation capacity" and recommended "alternative channels" However, it needs to be recognized that, even for the alternative channels (NGOs) to work effectively in a Bank-financed project, it is important to ensure adequate capacity of relevant government agencies. For example, the irregular process in CTB which offered preferential treatment to certain suppliers, and its system which allowed the repetition of such activities, made the procurement process unnecessarily long. CTB's time-consuming process discouraged procuring parties from re-submitting their tender even if the original supplier failed to supply at the original bid price. The latter had more chance of successful re-negotiation.

The same is true when creating a new agency for the project. From PAPSCA's experience with creating the PCMU, which was to assist NGOs with various Bank procedures and circumvent government bureaucracy, one can conclude that closer attention must be paid to the following two issues: (i) staffing of the agency, and (ii) placement of the agency.

Staffing

The importance of the staffing issue cannot be overemphasized as the limited capacity of the PCMU, especially during the first two years of the project, severely affected project implementation. Both sufficient qualification of staff and the adequate number of staff need to be ensured for successful coordination.

The PCMU was not able to assist NGOs in dealing with Bank procedures because it hired no person with this knowledge. The Bank's Task Manager at appraisal planned to assure smooth and swift procurement and disbursement without imposing much burden on individual NGOs by appointing a financial officer with extensive knowledge and experience of Bank guidelines. The

Bank expected this person to give seminars and training to NGOs regarding Bank guidelines at the onset of project activities. With this plan in mind, the Bank recommended a former Bank staff member for the post. The Government of Uganda, on the other hand, insisted on appointing a Ugandan national. Unfortunately, no Ugandan with such a background was identified, and the Government appointed a Ugandan with no prior knowledge of Bank procedures. As a result, implementing agencies had to carry out complicated procedures without any guidance while the PCMU itself was learning.

The PCMU became an additional layer of bureaucracy for many NGOs, instead of a mechanism for circumventing the government bureaucracy. World Vision reported that ‘neither PCMU staff nor NGO staff were familiar with ICB and LCB procedures and requirements...at PCMU, documents are held up or lost, decisions are delayed.’¹³ Delay in processing documents was significant: ‘when comparing the time taken in processing the documentation for submission of a withdrawal application to the Bank between PCMU and the Project Implementation Unit (PIU) of Ministry of Education, it was apparent that the PCMU process was seriously flawed. It was reported by PIU that the entire process of preparation and obtaining the authorizing signatures from Treasury and the Ministry of Finance took 3-7 days before dispatch to the Bank, however, PCMU advised that their processing took 3-4 months.’ PCMU did not even have a proper accounting system nor checking system of the status of the Special Account, which resulted in several discrepancies.

Placement of the Agency

PCMU was placed under the Ministry of Planning and Economic Development. The budget was controlled by the Ministry of Finance (MOF). The weak commitment and coordination of these two ministries caused the significant problem for implementing agencies because it led to disbursement delay. As a result of a total lack of project financing from the Government of Uganda (controlled by MOF) during FY 91 and only 15 percent of the total requested for FY 92, the Bank had to suspend its disbursement. No money was allocated in the budget as the government’s counterpart funding because there was no such item in the budget prepared by the MOF. This caused the biggest difficulty for NGOs, witnessed by the identification of “disbursement delay” as the number one difficulty encountered during project implementation by eighty percent of implementing agencies. The merger of MOF and MPED into the Ministry of Finance and Economic Planning (MOFEP) in 1992 alleviated the disbursement problem to a certain degree in spite of the government’s continued financial difficulties.

Conclusions

This case study recommends that, when working with NGOs in projects, one should pay special attention to the following seven points:

- (i) Ensure that NGOs fully understand the practical implications of working with the government and the Bank.

¹³ Voorhies and Graff, 1993.

- (ii) Define the purpose of NGO involvement, especially its complementarity in the government's project, as clearly as possible.
- (iii) Evaluate the capacity of the NGOs early in the design stage before the selection of suitable collaborative mechanisms.
- (iv) Design the procurement plan to meet the specific needs of the NGOs' and make sure that the procurement and disbursement procedures work smoothly even where government officials are hostile to NGOs.
- (v) Ensure consistency of supervision through the succession of task managers; and ideally, continuity.
- (vi) Encourage NGOs to promote the participation of the target population by providing flexible and responsive mechanisms during the supervision.
- (vii) Ensure that the adequate administrative capacity exists in the relevant government agencies.

The value of the catalytic role Bank staff can play between the government and NGOs should not be overlooked. Working with governments certainly had both pros and cons for NGOs involved in these case study projects. While it is true that many problems arose from bureaucratic delays and formalities, many NGOs also reported that these projects offered them a chance to show governments what NGOs can do, as well as for them to better understand what governments are trying to do. It is the Bank's privilege to be able to provide opportunities for the government and NGOs to work closely together towards one goal.

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