





**London School of Economics and Political Science**

**Does Civil Society Really Democratize Global Governance?**

**Examining Transnational Civil Society Engagement**

**with the World Bank**

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## Abstract

Academics and practitioners alike recognize that global governance institutions suffer from a democratic deficit. A large body of literature suggests that civil society can reform global governance, but a countervailing body of work indicates that civil society may actually facilitate new forms of elite domination.

This thesis seeks to contribute to this debate by examining the impact of civil society on policymaking at the World Bank. This thesis' core question is: 'Do data about the World Bank support the idea that civil society can democratize global governance?' Using three case studies, the thesis examines how civil society organizations engaging with the Bank interact with one another, set their agendas, and achieve their impacts, and how these organizations engage with local civil society and governments in developing countries. The resulting data are analyzed using a framework for democratic legitimacy derived from the work of Uhlin, Scharpf, and Dingwerth.

The case studies reveal civil society is far more atomized than indicated in much of the literature. Strong ideological commitments, coupled with financial incentives, inhibit dialogue between organizations and make it difficult for international organizations to respond to the concerns of grassroots stakeholders. Civil society advocacy increases stakeholder control over the World Bank, but new channels of influence are controlled primarily by elite organizations based in the global North. Civil society organizations also utilize state power to achieve their objectives, soliciting the assistance of the Bank's major donors in ways that marginalize developing country governments.

The thesis finds that civil society has abundant impact on the World Bank and that some impacts, like improved transparency and accountability, facilitate direct stakeholder influence over the institution. However, the thesis concludes that because transnational civil society consolidates that influence in the hands of a minority of stakeholders, it does not democratize the World Bank.

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### List of Acronyms

| <b>Acronym</b> | <b>Definition</b>                                       |
|----------------|---|
| BIC            | Bank Information Center                                 |
| CIEL           | Center for International Environmental Law              |
| CITES          | Convention on International Trade in Endangered Species |
| CSO(s)         | Civil Society Organizations                             |
| CWS            | Church World Service                                    |
| DGAP           | Development Group for Alternative Policies              |
| EAP(s)         | Environmental Action Plans                              |
| EBRD           | European Bank for Reconstruction and Development        |
| ED             | World Bank Executive Director                           |
| EDF            | Environmental Defense Fund                              |
| EPI            | Environmental Policy Institute                          |
| FAVDO          | Forum of African Voluntary Development Organizations    |
| FoE            | Friends of the Earth (US)                               |
| FOIA           | Freedom of Information Act                              |
| GATT           | General Agreement on Trade and Tariffs                  |
| GCS            | Global Civil Society                                    |
| GNP            | Gross National Product                                  |
| IBRD           | International Bank for Reconstruction and Development   |
| IDA            | International Development Association                   |
| IMF            | International Monetary Fund                             |
| INGO(s)        | International Nongovernmental Organizations             |
| IRN            | International Rivers Network                            |
| LDC(s)         | Least Developed Countries                               |
| MDB            | Multilateral Development Bank                           |
| NBA            | Narmada Bachao Andolan                                  |
| NGO(s)         | Nongovernmental Organizations                           |
| NGOWG          | NGO Working Group on the World Bank                     |
| NRDC           | Natural Resources Defense Council                       |
| NWF            | National Wildlife Federation                            |
| ODC            | Overseas Development Council                            |

|          |   |
|----------|---|
| OECD     | Organization for Economic Cooperation and Development |
| OECD-DAC | OECD Development Assistance Committee                 |
| OED      | World Bank's Operations and Evaluations Department    |
| OPCS     | Operations Policy and Country Services                |
| PAD      | Project Appraisal Document                            |
| PID      | Project Information Document                          |
| PQLI     | Physical Quality of Life Index                        |
| PTI(s)   | Poverty-Targeted Interventions                        |
| SAL      | Structural Adjustment Lending or Loan                 |
| UCS      | Use of Country Systems (for Procurement)              |
| UN       | United Nations  |
| USAID    | United States Agency for International Development    |
| WDM      | World Development Movement                            |
| WGMI     | Working Group on Multilateral Institutions            |
| WTO      | World Trade Organization                              |
| WWF      | World Wildlife Fund                                   |

## Chapter 1

### Introduction

Academics and practitioners alike recognize that many global governance institutions suffer from a democratic deficit. They are subject to the political influence of powerful actors; they may advance the interests of an economic elite; and they have, in some well-documented instances, severely harmed poor populations. A large body of academic literature indicates that civil society can or will reform global governance by improving citizen representation and control over governance institutions. However, a countervailing body of literature suggests that civil society may be just as elite-dominated as global governance institutions, ignores the poor, and may magnify existing power imbalances.

This thesis seeks to contribute to this debate by examining the impact of civil society on policymaking at the World Bank. This thesis' core question is: 'Do data about the World Bank support the idea that civil society can democratize global governance?' The first half of this chapter frames this question. It begins by discussing the power and importance of global governance mechanisms and details their observed democratic deficits. It then defines transnational civil society and provides an overview of the claims made about the capacity of civil society to improve global governance. It also presents the critical literature and highlights concerns about civil society's conduct and impacts. Finally it details the specific ways in which this research will address this debate and contribute to academic knowledge about transnational civil society and its influence on international institutions, particularly the World Bank.

The latter part of the chapter develops the approach this thesis uses to examine the impacts of civil society. It defines democracy and describes in greater detail how democratization at the World Bank will be examined. Next, it enumerates a series of specific sub-questions which will facilitate the assessment of civil society's impacts on the World Bank. Third, it describes the selection of the three case studies used in this thesis: the central case study of a major turning point in the Bank's relationship with civil society, which this thesis uses to generate several hypotheses; and two subsequent case studies used to test these hypotheses. Fourth, it details the methods used to gather

and analyze data for the research. The chapter then highlights some potential limitations in the research while supporting the thesis' overall approach. The chapter concludes with a preview of the overall findings of the thesis and the contents of subsequent chapters.

### **The Necessity and Danger of International Institutions**

At their best, international institutions and regimes represent a certain form of optimism. In theory, organizations like the UN, World Bank, and World Trade Organization exist to preserve peace and enhance prosperity. Nonetheless, these institutions have often been shown to advance the interests of their founders or various global elites (see, for example, Gwin 1994; Stiglitz 2002; Woods 2000; Apodaca 2001). Yet, in an increasingly globalized world, international institutions are also often regarded as necessary tools for handling complex, transnational problems, ranging from trade disputes to climate change. The combination of power, necessity, and dubious history leads to questions of legitimacy and control.

#### *A Brief History of Modern Global Governance*

Many of the most prominent contemporary supranational institutions were created around the close of World War II. The World Bank and the International Monetary Fund (IMF) were founded in 1944 and the United Nations (UN) was formed in 1945. The General Agreement on Tariffs and Trade (GATT), the forerunner of the World Trade Organization (WTO), was established in 1948. Their creation reflected a fundamental recognition by the powerful states of the time of the ways in which the political and economic activities of nations affected one another.

In the decades since, the number of international institutions has grown. In 1956 the International Finance Corporation was founded to promote private enterprise and in 1960 the International Development Association (IDA) was created to enable the World Bank to lend to developing nations. The UN established the United Nations Development Program in 1965 to assist economic development, while newly independent nations sought to exert greater control over their own development with the founding of the African Development Bank in 1963 and the Asian Development Bank in 1966.

Numerous global regimes, in the form of multilateral agreements governing international elements of trade and commerce, have also been developed. For

example, the Convention on International Trade in Endangered Species (CITES), founded in 1975, monitors and regulates the trade of certain animals, plants, and goods derived from them. Other international regimes govern air travel, financial transactions, and whaling.

As these institutions have grown in scope and number, so too has their membership grown. The original IMF and World Bank charters were signed by less than 30 states; the GATT by only 23. Even the UN had only 51 states at its inception. Currently the membership in each of these institutions approaches or exceeds 150.

At the same time, global interdependency has increased. Changes in technology have facilitated trade between far-flung nations, and the internet has created an affordable network of global communications (Meyer 1997). The end of the Cold War reduced the political barriers between states, while the reintroduction of market economies in many Communist and post-Communist states has resulted in new commercial links (Apodaca 2001; Sachs et al. 1995; cf. Cingranelli et al. 1999). The rapid movement of people, goods, and ideas has also accelerated the spread of international criminal networks, transnational terrorism, and disease (Mittelman et al. 1999; Cronin 2002/3; Charrel et al. 2007; Beaglehole et al. 2003). Global climate change, deforestation, and fisheries depletion have all drawn attention to the global nature of environmental problems.

Dealing with the problems of a globalized world is increasingly seen as the responsibility of international institutions (see, for example, Mittelman et al. 1999; Beaglehole et al. 2003). The Global Environmental Facility was founded in 1991 to fund efforts to protect the global environment. The World Trade Organization grew out of the GATT in 1995. The Organization for Economic Cooperation and Development (OECD) Development Assistance Committee, although formed in 1960, has more recently taken a lead role in coordinating aid flows from developed nations to the global South. The European Union has created a common currency and eliminated most barriers on trade and travel among its member states.

These institutions not only manage or govern some portion of global affairs; they also increase global interconnectedness. The World Bank borrows money from international investors using guarantees made by a few dozen wealthy nations and lends it to middle- and lower-income countries. The GATT and WTO have helped reduce trade barriers. The IMF has promoted a global norm of liberalized financial markets, facilitating (for better or for worse) capital flows among countries. In short,

international institutions are the product of a globalized world, but they also facilitate, perpetuate, accelerate, and manage the impacts of globalization.

*The Democratic Deficit of International Institutions*

As the power and importance of international institutions has increased, so too have concerns about how their power is used and who controls it. In the 1980s, the growing environmental movement drew public scrutiny to the work of the World Bank.

Concerns about the impact of structural adjustment focused attention on both the World Bank and the IMF in the late 1980s and early 1990s. Protests against the WTO in Seattle in 1999 created greater awareness of the problems posed by globalization and the arguments of its detractors. Alternative ‘people’s forums’ have sprung up around meetings of global power brokers, like the World Economic Forum in Davos or the meetings of the G8. The net impact of such activities, of which this list is just a sampling, has been to challenge the legitimacy of existing power arrangements.

Academics examining this question of legitimacy have identified a ‘democratic deficit’ in global governance. Zurn (2004 p. 262) describes the situation as follows:

There is broad agreement that currently the functioning of international institutions such as the WTO or the UN does not meet democratic standards. Acknowledged democratic deficits include the lack of identifiable decision-makers who are directly accountable for wrong decisions made at the international level, as well as the inscrutability of international decision-making processes and thus the advantage the executive decision-makers have over others in terms of information. Furthermore, particularly the prime actors in international politics, such as multinational businesses and superpowers, are at best accountable only to a fraction of the people affected by their activities.

Other authors affirm and reinforce this view. Held, for instance, writing about the UN, describes its dominance by powerful members, weak enforcement of norms and agreements, underfunded agencies, and inadequate environmental regimes as “indicative of the very limited efficacy and reach of democracy at the global level” (2006 p. 307).

The structures of many international organizations lend evidence to this critique. In the UN, for instance, the permanent members of the Security Council<sup>1</sup> exercise disproportionate power over the institution's actions. In the World Bank and IMF, voting rights on the governing boards are assigned based on commercial principles. Countries are allotted voting rights proportionate to the capital they have contributed to the institution, not unlike shareholders in a corporation. Wealthy nations have frequently used their influence to advance their own agendas, such as when the US used World Bank funding to help counter Soviet influence in the developing world during the Cold War (Gwin 1992). As a result of such dynamics, the voting rights system in the World Bank and IMF has been critiqued as antithetical to good governance (Woods 2000; cf. Scholte 2004 pp. 211-3).

The impacts of international institutions have added to their scrutiny. A combination of academic authors and practitioners have attacked the ways in which undemocratic or unaccountable systems have contributed to negative impacts on certain populations, particularly poor populations in developing countries. Some have attacked structural adjustment policies, which forced macroeconomic reforms on developing countries, for destroying social safety nets or damaging local economies (cf. Jolly 1991; Structural Adjustment Participatory Review Initiative 2004). Environmental activists have attacked the World Bank for damaging ecosystems, displacing populations, and spreading disease (Rich 1994; Udall 1998). Stiglitz has written that some interventions in developing nations threaten to undermine local democratic governments (1999). Echoing the sentiment of many academics and practitioners, he argues that international institutions might do less damage "if they were indeed more democratically accountable" (p. 583).

One should note as well that the problem is not wholly one of dominance by powerful members. Scholte writes that national governments have often allowed global governance institutions "considerable unchecked prerogative" in their activities. If states are unwilling to exercise control over such institutions, preferring to leave key decisions in the hands of technocrats, then equalizing state authority might not yield more democratic global governance (2004 p. 212). Barnett and Finnemore likewise find that international institutions are "more than the reflection of state preferences" and can have considerable autonomy (1999 p. 700). They argue that such autonomy

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<sup>1</sup> These are the United States, the United Kingdom, the Russian Federation, China, and France.

only enhances the need for a critical approach to international institutions, since it indicates that the failures of such institutions result from endogenous bureaucratic pathologies (Barnett and Finnemore 1999).

### **Civil Society to the Rescue**

“In this unhappy situation,” Scholte writes, “some citizens have looked to civil society activity as a way to obtain greater democratic accountability” for international institutions (2004 p. 212). Exactly how civil society will do this, however, is somewhat contested. In essence, there is a continuum of possibilities ranging from the reform of international institutions to their outright replacement.

At one level, civil society is depicted as enunciating the needs of stakeholder populations in existing policymaking fora and monitoring the activities of governance institutions (see Price 2003 p. 581; Colas 2001). Summarizing the concept of civil society as spokesperson, one author writes that civil society “rescue[s] the causes of marginalized or excluded groups”, amplifying their claims and bringing them to the attention of policymakers and opinion leaders (Grzybowski 2000 p. 442; see also Shihata 1991 pp. 250-4). When the popular will or common good has been enshrined in a policy, civil society can push for implementation or monitor compliance (Keck and Sikkink 1998 p. 3; Clark 2001; cf. Rich 1994). Common elements of such campaigns are efforts to make international institutions transparent or externally accountable (Udall 1998; Fox 2003; cf. Scholte 2004).

An element of this process is the creation or promotion of new global norms. Risse, for instance, argues that transnational civil society has helped define and protect human rights via an iterative process of norm formation and implementation (Risse 2000; cf. Clark 2001). The creation of environmental and social safeguards at the World Bank, for example, is attributable to civil society efforts to promote a global norm of environmental conservation (Wade 1997; cf. Rich 1994). Such norms influence not only current conduct, but form a standard for future conduct and may become enshrined in new international law.

Implicit in many of the discussions of norm formation is the belief that civil society has changed the international order, rupturing the old system of state dominance (Price 2003; Turner 1998; see also Shaw 1992; Lipschutz 1992). Some authors argue that civil society will form the basis for a new system of governance. Such a system might be anarchical and stateless (Korten 1998); involve new, globe-

spanning structures (Held 2004; 2006; Archibugi 2004);<sup>2</sup> or replace representative systems of democracy with more deliberative ones (Nanz and Steffek 2004).

This thesis will discuss these various claims in more detail in Chapter 2. For the thesis to engage with such claims, however, it must first define transnational civil society.

### *Defining Transnational Civil Society*

The definition of civil society is complex and contested. A typical definition is offered by Florini and Simmons, who state that transnational civil society is defined by three elements: separation from government or commercial entities; cross-border linkages; and a variety of forms (2000 p. 7). This tripartite construction forms a useful starting point for building a more detailed definition.

To begin with, contemporary usage of the term ‘civil society’ refers to groups of publicly engaged actors without a formal role in government or profit-making intent. (It is thus distinct from other, more philosophical usages of the term ‘civil society’, such as its Hobbesian usage to describe a properly ordered populace.) Civil society has occupied such a role for hundreds of years, fighting for causes like women’s rights and the abolition of slavery (Florini 2006; Keck and Sikkink 1998). Thus the existence of civil society long predates the contemporary revival of the term. Religious groups, social movements, and civic associations are all common examples.

It is important to note that some authors define civil society as any form of nongovernmental, noncommercial association, even if the resulting group is not civically engaged. Most notably, Robert Putnam has included groups like bowling leagues and bridge clubs in his understanding of civil society (2000). He has argued quite persuasively that such groups form a fabric of associations that enhance the effective functioning of democracy. This understanding of civil society has some relevance for debates on global governance. Robert Dahl in particular has argued that the lack of a global identity is one of the reasons why democratic global governance is impossible (Dahl 1999). This idea has been given some attention by cosmopolitan theorists, who discuss the role of transnational civil society in the creation of a global *demos* or “multilevel citizenship” (Held 2004 p. 386; see also Nanz and Steffek 2004).

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<sup>2</sup> It is important to note that Held, Archibugi, and other cosmopolitans do not envision the end of the state, but rather the creation of a new level of formal government above the state, such as a “world parliament” (Archibugi 2004, p. 451).

Nonetheless, trust-building informal relationships do not seem to be a key element of transnational civil society or the literature studying it. There are several reasons for this. First, a significant portion of transnational civil society consists of professional nongovernmental organizations (NGOs). Such professional organizations, while very effective and sometimes very large, do little to build personal connections between their members (Putnam 2000 pp. 153-4). Moreover, there is significant evidence that links between organizations or membership in transnational networks is resource-intensive and thus limited to well-resourced groups of individuals (Spiro 1995; Stone 2005 pp. 88-9; cf. Simmons 1998). Thus it seems unlikely that transnational civil society is linking persons or organizations of widely different income or status in the way, for instance, a local football supporters club or church parish might. Third, theoretical questions about the link between *demos* and democracy have been supplanted by empirical examinations of the current institutions. Global governance is taking place: global problems exist, international institutions have been established, and empirical questions are being asked about who controls those institutions. The experience of the European Union has indicated that democratically legitimate transnational government can exist even in the absence of a strong common identity (Moravcsik 2004; Habermas 2003). Thus transnational civil society's impact on citizenship or identity has become less central to the examination of its role in democratic global governance.

As a result of these three factors, the vast majority of the literature on transnational civil society focuses on publicly engaged actors (cf. Price 2003 p. 580). Following in this pattern makes sense given the reasons described, and it facilitates critical engagement with the literature. Therefore this thesis will define civil society as any association of citizens that is involved in the creation, reform, or implementation of policies and norms, provided that the association is not primarily a part of a government or a governance organization, nor of a profit-making enterprise.

Transnational civil society (sometimes also known as global civil society) stretches beyond the state.<sup>3</sup> Its most obvious representatives are international NGOs (INGOs), defined as nongovernmental organizations with offices, operations, or members in multiple countries; and 'global' justice movements, i.e. ad hoc citizens'

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<sup>3</sup> Although both terms are used in the academic literature, I generally prefer the term transnational civil society; it is more precise insofar as it references the specific phenomenon of crossing state boundaries.

campaigns with members in multiple states. However, INGOs frequently partner with citizens and smaller civil society groups whose interests are purely local; global justice movements may do likewise. Such connections can involve exchanges of ideas, information, or funds, or even result in formal contractual arrangements (as when service-delivery NGOs subcontract with local organizations). A number of authors have therefore used the language of transnational networks to discuss civil society beyond the state (cf. Keck and Sikkink 1998; Stone 2005). In order to reflect these empirical realities and engage as much as possible with the existing literature, this thesis defines transnational civil society as those civil society actors who engage in activity beyond the borders of their own state, or whose domestic activities are linked to nongovernmental, noncommercial actors beyond their own state.

Lastly, one must address civil society's diversity. Uhlin, for instance, describes transnational civil society as consisting primarily of social movements and activist networks (which lack "formalised organizational structure"); advocacy NGOs; "service delivering" NGOs; and religious organizations (Uhlin forthcoming). Florini and Simmons touch on many of the same categories (2000 pp. 7-8). Such assessments manage to describe well the varieties of transnational actors. However, the impacts of informal actors on policy are difficult to identify, prove, or assess. A number of amorphous 'global movements' have campaigned for changes in global policy, for example, by opposing deforestation or advocating debt cancellation. Nonetheless, in most cases in which such movements have resulted in clearly identifiable impacts, the movements' demands have been articulated by formal organizations, usually advocacy NGOs. In the interests of identifying clear causal linkages, this thesis will focus on formally constituted actors, and regard informal movements as constituencies or backers who lend weight to the positions or demands of formal organizations.

Taking these elements into account then, this thesis defines transnational civil society as all associations of individuals which are (a) not primarily a part of a government or a governance organization, nor of a profit-making enterprise, (b) involved in the creation, reform, or implementation of policies and norms, and (c) engaged in activity beyond the borders of their own state, or domestic activities linked to nongovernmental, noncommercial actors beyond their own state.

### **Rigorous Standards, Unevenly Applied**

Empirical research has demonstrated that civil society can influence the behavior of international institutions and the outcomes of transnational policymaking. Yet as evidence of civil society's influence has grown, so too have the number of questions about its own legitimacy and its capacity to democratize global governance. Simmons writes, "Hailed as exemplars of grassroots democracy in action, many NGOs are, in fact, decidedly undemocratic and unaccountable to the people they claim to represent" (1998 p. 83).

In essence, when the standards of accountability, transparency, equality of access, and representivity that Zurn uses to critique international institutions are applied to transnational civil society, civil society is found lacking (2004; cf. Scholte 2004). A growing body of critical literature has highlighted the negative impacts of transnational civil society. Woods, for instance, has suggested that Northern advocacy NGOs may use international institutions to force their agendas on the global South. She asks, "[W]hom do the NGOs represent? and [sic] to whom are they accountable?" If the answer is Northern citizens, she writes, then the problems of Northern dominance in international institutions is increased rather than rectified by civil society organizations' involvement (2000 p. 827; cf. Woods 2005).

A parallel critique can be made of the internal dynamics of civil society. The representivity of international campaigns is predicated on the assumption that the policy positions presented by activists and advocates in fact represent the desires of the stakeholders they claim to represent. As indicated earlier, such campaigns generally claim to represent marginalized stakeholders in the developing world. However, abundant evidence exists that relations between NGOs are prone to disequilibrium. Nelson, for instance, indicates that the UK-based Christian Aid ignored or marginalized the opinions of its own local partners in constructing its global campaign against structural adjustment (Nelson 2000). Murphy notes that large Northern NGOs have endorsed the World Bank's plans for education in Niger, despite strenuous local objection (2005). Other research in development studies stresses the principal-agent relationships which can develop when international civil society organizations provide funding to Southern partners (for example, Simbi and Thom 2000).

Examinations of service providers further highlight this problem. Researching aid delivery NGOs operating in the Democratic Republic of the Congo and in Bosnia, Cooley and Ron find that such organizations are driven by a need for organizational

survival, particularly continued funding for overhead and staff salaries. As a result, NGOs compete against one another and curry favour with the international institutions that supply their funding, behaving “much like firms do in markets” (2002 p. 7). The focus on funders and the pressure of competition leaves little room for grassroots input and may undermine optimal aid outcomes. This theme is echoed by Manji and O’Coill, who argue that development NGOs may advance and serve the political and economic agendas of their Western donors in a fashion reminiscent of some colonial-era missionaries and voluntary organizations. The result is that the work of development NGOs “contributes marginally to the relief of poverty, but significantly to undermining the struggle of African people to emancipate themselves from economic, social, and political oppression”. The authors also point out that some of the major NGOs involved in international advocacy, groups like Oxfam and Christian Aid, still implement government-funded aid contracts as “their ‘bread-and-butter’” activity (2008 p. 582).

What is striking in much of the critical writing is its detailed empirical evidence. Although some of the academics who favorably discuss transnational civil society use detailed case studies (for instance Keck and Sikkink 1998), many appear to stress theory-building over field research. The detailed case studies in several academic-edited volumes are, in fact, written by civil society leaders previously involved in the campaigns they describe (see, for example, Fox and Brown 1998; Clark, Fox, and Treacle 2003; also Florini 2000). Thus some of the best empirical data in support of transnational civil society are also the least objective. Tvedt also suggests that researchers in international relations have focused too much on a normative agenda of using NGOs to legitimate global governance. The result is that prevailing IR theory ignores the much more nuanced empirical data in development studies on the complex and ambiguous impacts of NGOs (2002).

A lack of empirical data may also be contributing to another question, one regarding the mechanisms of civil society impact. Insofar as many of the critiques of international institutions focus on their opaque or inaccessible power structures, understanding how civil society itself exerts power is important. Nonetheless, Price writes, it is “no small puzzle” how civil society has achieved its impacts (2003 p. 582). Although the traditional constructivist view of global civil society has focused on civil society’s ability to create norms, more recent authors note that civil society influence (including its capacity to propagate and enforce norms) is also often tied to the state

(e.g Keck and Sikkink 1998; Risse 2000). Connections between the state and civil society, in turn, “may well undercut any claims of the autonomous power of civil society” (Price 2003 p. 582).

In short, there is a reasonable concern that transnational civil society may not be able to stand up to the very critiques its proponents have leveled at international institutions. Transnational civil society as a whole has been shown to impact international policymaking. However, there is a substantial body of critical literature that challenges the benefits of civil society influence for those populations currently lacking power in international policymaking and that questions the independence of transnational civil society organizations. Contrasting these concerns with the earlier descriptions of civil society’s democratizing impacts highlights a fundamental disconnect in the literature: some authors maintain that transnational civil society is democratizing global governance; others indicate that it is making the existing democratic deficit worse.

### **Contributions to Knowledge**

This thesis seeks to contribute to this debate by assessing civil society impact on policymaking at the World Bank. One of the challenges of contributing to the academic debate over civil society’s capacity to democratize global governance, however, is that the definitions of democracy employed by different authors vary substantially. Writing on civil society features several strands of democratic theory. These include representative democracy, which emphasizes the ability of citizens to choose political proxies and hold them accountable; participatory democracy, which stresses direct participation; and deliberative democracy, which focuses on the process of public deliberation rather than majoritarian structures.<sup>4</sup> Moreover, some writing on democracy in global governance combines criteria from these different models.<sup>5</sup> This makes it difficult to identify specific criteria for assessing civil society’s impact on policymaking at the Bank.

To address this challenge, this thesis proposes a new framework for examining civil society’s contribution to democratic global governance. This framework, which

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<sup>4</sup> Bexell, Magdalena, Jonas Tallberg, and Anders Uhlin (2008) “Democracy in Global Governance: The Promises and Pitfalls of Transnational Actors”. Paper presented at the Annual Conference of Millennium: Journal of International Studies, London, October 25-26, pp. 5-6.

<sup>5</sup> Ibid p. 7.

is explained in more detail in Chapter 2, is this thesis' first contribution to the academic debate on civil society. The framework, which builds on the work of Uhlin, Dingwerth, and Scharpf, identifies three different aspects of democratic governance: input, throughput, and output (forthcoming; 2007; and 1999, respectively). Following Uhlin's model, the thesis groups different democratic values within these different categories. Input includes representation and inclusion; throughput includes transparency, accountability, participation, and deliberation; and output focuses on consequences (Uhlin forthcoming). The thesis then builds on this model by demonstrating how the importance of civil society contributions in the different categories (input, throughput, and output) varies depending on the political context in which civil society is operating. For instance, in an established democracy where most citizens access representation through existing government mechanisms, civil society may contribute to democracy primarily by enhancing throughput: for example, by holding policymakers accountable to acting on citizen input or facilitating citizen participation in decisionmaking. In an autocratic state, throughput may be irrelevant because there is no established norm of government responsiveness to citizens. However, civil society may contribute to democracy by working to establish such a norm through promoting citizen representation and inclusion.

This context-based framework incorporates the different values found in each of the traditional models of democracy described earlier (representative, participatory, and deliberative), as well as hybrid models. This allows the thesis to organize the existing literature, identifying fault lines between authors who previously may have seemed to talk past one another. It also enables the thesis to incorporate the development studies literature (which tends to focus on certain democratic values, such as participation, without always using the languages of democracy) into its analysis. Lastly, identifying the clear points of contention in the existing literature and establishing a framework for assessing civil society's contributions to democratic governance facilitates the analysis of the data generated in this thesis. It enables the thesis to determine how its own findings reinforce or challenge viewpoints within the existing literature on civil society and the democratization of global governance.

This thesis' second major contribution to the academic understanding of transnational civil society and its impact on global governance is through the generation of new empirical data. As noted earlier, the political science literature in particular features a dearth of academic-authored, empirical research on the impacts of

civil society on global governance. Using a series of detailed case studies, this thesis examines the make-up of global advocacy campaigns, the mechanisms of civil society influence, and the outcomes of civil society engagement in transnational policymaking. As a result, the thesis engages with many key contentions in the literature regarding civil society's identity, behavior, and impacts. Its findings reinforce some elements of the existing literature and challenge others.

The data generated present new insights into the impacts of civil society on policymaking at the World Bank. The Bank is an extremely influential global governance institution with direct influence in those nations to which it lends money and strong ties to the donor nations that help fund it. Thus developing new data on the World Bank is itself significant simply because of the institution's reach and impact.

At the same time, the World Bank has been heavily targeted for reform by civil society organizations and, compared with other global governance organizations of similar power and influence, the Bank has been relatively amenable to engagement with civil society. As a result, the Bank has the potential to act as a leading indicator of civil society's potential impact on global governance.<sup>6</sup> Thus this thesis' findings in the context of the World Bank may constitute an important confirmation of existing theories, as well as a starting point for new theory-building and additional research.

### **The Research Plan**

Assessing civil society's impact on democratic governance at the World Bank requires both defining democracy and determining how one would expect civil society to contribute to making World Bank policymaking more democratic. It also requires identifying case studies, and developing a methodology. The remainder of this chapter deals with these issues, and describes the specific research questions that the thesis will

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<sup>6</sup> It is important to acknowledge that the World Bank is unique among global governance institutions in terms of its scope of impact and degree of intervention: no other international institution lends money for ground-level projects on a global scale. The Bank's level of intervention makes it easy to identify many of its stakeholders (including the farmers, fishermen, school children, and others affected by its lending) while its scope of lending makes this stakeholder base extremely large. Although the Bank's footprint has made it an appealing target for reformers, it is only a leading indicator insofar as: (i) civil society organizations demonstrate an equal will for engaging other international institutions; and (ii) the stakeholders of other institutions can be clearly identified and their needs invoked as a grounds for reform. Nonetheless, regardless of whether this occurs, the degree of attention the Bank has received makes Bank policymaking an excellent environment in which to observe civil society behavior and influence.

pose within its chosen cases. It also lays out the limits of this research and previews its findings.

### **Defining Democracy**

As noted above, this thesis holds that the components of democracy can be divided into the categories of input, throughput, and output. This framework can allow different definitions of democracy and the theories of civil society impact based around them to be analyzed and compared, but the framework itself does not define democracy. Therefore, from an analytical standpoint, it is necessary to identify the particular definition of democracy to be used by this thesis. This definition of democracy will determine how different democratic values are placed in the input, throughput, output matrix. In effect, this thesis will identify its own definition of democracy and then use the input, throughput, output framework to compare other definitions of democracy and others' theoretical findings with the thesis' own definition and findings.

Defining democracy is complicated by the presence of multiple, competing definitions (Dahl 1999). Dahl points to two commonly held definitions: representative democracy, defined by citizen control over government exercised or enforced through regular elections, and liberal democracy, defined by the protection of basic human rights and political freedoms (1999).<sup>7</sup> Moravcsik identifies four types of democracy commonly used in critiques of international institutions. His pluralist definition is akin to Dahl's representative view, while his "libertarian" view parallels Dahl's rights-based notion (2004 p. 339). To these two conceptions he adds social democratic and deliberative definitions. The former judges institutions on their success in balancing disequilibria in wealth and power. The latter stresses individual participation in decision making. Individual participation is substituted for representation, and vigorous debate, in which the best ideas should become manifest, replaces majoritarian politics (cf. Nanz and Steffek 2004). Held describes no fewer than 10 models of democracy, ranging from the classical to the cosmopolitan (2006). Choosing a definition is further complicated by the fact that, in practice, most commentators on civil society and global governance avoid adhering strictly to a single established

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<sup>7</sup> These rights are usually expressed in negative terms. The emphasis on creating an environment of personal and political freedom, rather than guaranteeing economic and social provision, is what distinguishes this view from the social democratic view described by Moravcsik.

definition. Instead they tend to blend multiple elements into unique models of their own. Although these models bear many similarities, often in their emphasis on free participation, dialogue, or representation, their distinctions are such that it is difficult to compare them directly.<sup>8</sup>

### *Criteria for the Definition*

Choosing a definition for this thesis involved several considerations. First, the definition must be equally applicable to states, institutions, and civil society organizations and networks. Much of the literature on civil society and global governance is implicitly (or explicitly) a comparison of the relative democratic legitimacy of these three categories of actors. To fairly judge between them, the definition must apply to all three.

Applicability to states is particularly important because of the ways in which state-based democracy helps us understand democracy in practical, empirical terms. As Moravcsik has noted, any definition of democracy must distinguish between a real-world application of that definition and the ideal, theoretical version. The levels of citizen participation, voter knowledge, or government transparency described in theoretical models are rarely, if ever, realized in practice. Nonetheless, nations approaching a certain theoretical ideal are recognized as democratic by academics, other states, or their own citizens. The compromises used in states help us identify empirically the ways in which theoretical ideals of democracy are adapted for implementation (Moravcsik 2004; cf. Dahl 1999).

Second, the definition used must facilitate this thesis' engagement with the existing literature. The literature constitutes the current store of research and thought on this topic. This thesis necessarily builds on that work, and testing the conclusions of this thesis against existing ideas is crucial to the intellectual integrity of this research.

It is also important to note that, insofar as the focus of this thesis is on civil society's contributions to democratizing global governance (albeit in the context of the World Bank), the definition must be designed to apply to global governance. Some of the recent discussions of civil society's democratizing impacts seem to have conflated

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<sup>8</sup> Magdalena Bexell, Jonas Tallberg, and Anders Uhlin, "Democracy in Global Governance: The Promises and Pitfalls of Transnational Actors". Paper presented at the Annual Conference of Millennium: Journal of International Studies, London, October 25-26, 2008.

democratic civil society (i.e. civil society organizations or movements that are internally democratic) with democratic global governance (i.e. global governance decisions reflecting the will of the impacted population). The assumption seems to be that if civil society has democratic attributes, it is de facto democratizing (or that if it does not, it is not). This thesis aims to avoid this conflation by establishing criteria for determining civil society's contributions to democratic global governance that focus on civil society's impact on citizens' roles in transnational decisions.

### *Majoritarian, Liberal Democracy*

To satisfy the aforementioned criteria, this thesis defines democracy as majoritarian, representative rule, accompanied by established protections for basic citizen rights. The majoritarian, representative elements will be interpreted in the broadest possible terms, as equal authority among individual stakeholders and stakeholder control over national government or international institutions. Equal stakeholder authority refers to a combination of equal access to policymaking mechanisms, either directly or through a chosen representative, and equal value for the input of all stakeholders who choose to engage in the process. This could result in a unique voice for each individual, but in practice, authority is likely to be assigned to representatives in proportion to the number of stakeholders they represent. The concept is equivalent to the ideal of 'one person, one vote' found in most modern democracies, coupled with the proportional representation of, for example, political parties in some parliamentary systems. However, the term 'equal authority' is used because, for this democratic standard to be applied to civil society or to global governance institutions, it cannot be restricted specifically to voting or formal governance structures. Similarly, rights may include both formal constitutional or legal protections, or the establishment of a widely respected and accepted norm such as may be protected and upheld by citizen watchdogs.

This definition has been constructed to allow the definition to meet the criteria laid out in the preceding section. State-based democracy utilizes majority rule, in which some equally distributed measure of voice or authority is used by citizens to exercise control over the government (Dahl 1999). Historically, state democracy is almost always representative, and, at least in recent history, it commonly encompasses some measure of liberal protection of the rights of all citizens (ibid.). This understanding of democracy is not only embraced by state actors, but also a large

number of practitioners, particularly those from the developing world (see, for example, Mobogori and Chigudu 1999; Naidoo and Tandon 1999; Wiesen, Prewitt, and Sobhan 1999; Marschall 1999). At the same time, eliminating the strict emphasis on voting allows this definition to accommodate pluralistic or participatory standards of democracy and creates space for the evolving representative mechanisms of the international institutions. Likewise, using both laws and norms as means of establishing rights creates common ground on which to evaluate the contributions of states, institutions, and civil society to rights protection. Using the language of both laws and norms also allows this definition to engage with both constructivist and realist literature.<sup>9</sup>

To elaborate, some measure of majority rule is inherent in almost every conception of rule by the people. Granted, Habermasian depictions of deliberative democracy take issue with this, but deliberative democracy requires open access in order to function. Only when all ideas can be brought to the debate is it guaranteed that discussion will reveal the ultimate good. Empirically speaking, there is abundant evidence that international policy discussions are not universally accessible, and that civil society itself may be dominated by elites (Nelson 1997; Simmons 1998; Anderson 2000; Stone 2005; cf. Murphy 2005; cf. Edwards 2001 p. 9). In such a context, deliberative democracy has relevance primarily for future-oriented, normative debates, at least with regards to global governance. Were it currently applied to civil society, it seems unlikely that any international network or campaign would pass muster. Moreover, it is inapplicable to contemporary states.

In addition to being majoritarian, democracy is representative. There are two reasons for this. First, representative practices are nearly universal in democratic states. As Dahl notes, “in practice, all democratic systems, with the exception of a few very tiny communities, allow for, indeed depend on, delegation of power and authority; the citizen body delegates some decisions to others” (1999 p. 21). These designated persons are commissioned to represent or act on behalf of a particular population (*ibid*). Second, as noted earlier, data suggest that much of transnational

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<sup>9</sup> Examples found in this thesis include Barnett and Finnemore (1999) and Dahl (1999), respectively. These terms are defined in more detail in Chapter 2. Each school describes a different view of the driving forces in international affairs: socially constructed norms or the military and material interests of individually states (Wendt 1995). Significantly, constructivists maintain that the power of norms, and the capacity for nonstate actors to propagate norms, has mitigated the state dominance of the international system.

civil society is elite-driven. Nonetheless, many of its advocates argue that dominant elites can be representative. The issue is whether elites are representing the people they claim to represent. Put in terms of this thesis, the question is whether civil society in its aggregate represents the majority of the people impacted by the activity or policy in which it has involved itself.

Democracy includes the protection of citizen rights, as stipulated in Dahl's liberal definition and Moravcsik's libertarian one. Thus civil society may also effect democratization by seeking to protect certain recognized rights. Indeed, many civil society organizations claim to advocate for specific rights – for global justice, human rights, environmental rights, and the like.

Some measure of rights protection, applicable to both majorities and minorities, is a commonly recognized feature of democratic states. Moreover many of the attacks on the 'democratic deficit' of global governance actors, i.e. states and international institutions, have focused explicitly on these actors' perceived violations of citizen rights.<sup>10</sup> Thus it is important to include rights as a component of democracy. Of course, some of the 'rights' protected by civil society groups are quite controversial, so a specific list of recognized rights is useful. Following Dahl, I would suggest that such a list include two categories of rights: those rights necessary for the effective functioning of democracy, including the freedoms of speech, press, and assembly; and those individual rights common to established democracies, including the rights to property, privacy, habeas corpus, freedom of religion, and equal treatment under the law (Dahl 1999 p. 20; see also Moravcsik 2004 p. 339). This list, of course, could be made more specific still. However, as Held has pointed out, the understanding of liberalism (and its constituent rights) has shifted historically (Held 2006 p. 59). The evolving nature of national and international law only underscores the fact that it continues to shift. For the purposes of this thesis, it is more important to establish that democracy involves both popular sovereignty and the protection of rights than it is to enumerate those rights in great detail. Moreover, most of the arguments I will make focus on the representative aspects of democracy. Thus, rather than trying to freeze

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<sup>10</sup> For example, several World Bank projects, such as Polonoroeste in Brazil, Sardar Sarovar in India, Indonesian Transmigration, and China Western, involved the forced resettlement of up to tens of thousands of citizens. Critics of Polonoroeste, Indonesian Transmigration, and China Western in particular allege that these projects were used by authoritarian regimes to control internal dissent (Rich 1994; Clark et al. 2003).

the evolving concept of liberal rights, this thesis will simply describe democratic rights as those individual rights common to the majority of democratic states.

In summary, this thesis defines democracy as *a system or pattern of equal citizen authority or value expressed via some representative mechanism and resulting in government or institutional responsiveness to the will of the majority, but under which the government or institution is also constrained to protect the liberal rights of its citizens or stakeholders*. The definition does not require that all citizens make use of their voice or actively participate, only that the mechanism of input (such as voting or otherwise) be equally accessible and provide for all participating voices to be equally valued. It also requires that the governance organization respond to the expressed will of the majority, and protect commonly recognized rights. This definition of democracy will be used to evaluate civil society's contributions to democratic global governance in the context of the World Bank.

### **Determining Stakeholders**

Global governance itself involves multiple institutions and regimes. Each has its own stakeholder population, because not all policies or governance decisions will necessarily affect the entire world. In practical terms, testing civil society's capacity to democratize global governance requires identifying an institution or regime and its stakeholders. Although the World Bank claims that its mission is to "reduce global poverty",<sup>11</sup> some poor people are not eligible for Bank assistance. Only Bank member countries may receive Bank loans; thus only their citizens are likely to benefit directly. Moreover, the Bank's reliance on regular donations from industrialized countries makes the citizens of those countries stakeholders as well. In principle the Bank is spending their money on their behalf. Therefore this study defines the Bank's stakeholders as the citizens of the 186 nations holding membership in the International Bank for Reconstruction and Development, the World Bank's central institution.<sup>12</sup> The words stakeholder and citizen are used interchangeably in this thesis to refer to members of this group.

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<sup>11</sup> World Bank, "About Us", <http://go.worldbank.org/DM4A38OWJ0>, accessed 15 July 2009.

<sup>12</sup> What is commonly referred to as the 'World Bank' actually consists of two institutions, the older IBRD, and the IDA. Other components of the World Bank Group include the International Finance Corporation and the Multilateral Investment Guarantee Agency. However, these are "affiliates" of the World Bank, not part of the Bank itself. [Http://go.worldbank.org/3QT2P1GNH0](http://go.worldbank.org/3QT2P1GNH0), accessed 4 July 2009.

### **Assessing Democratization at the World Bank**

Democracy, as defined above, requires equal citizen authority, majority rule, institutional responsiveness, and the protection of rights. This is not to ignore the importance of accountability, participation, or any of the other democratic values discussed earlier, in the description of the input, throughput, output framework. However, some elements of democracy are more crucial than others to achieving the sort of majoritarian, liberal democracy outlined above. Chapter 2 elaborates on this issue in greater detail and discusses how different elements of democracy fit into the input, throughput, output framework.

Here, however, it is necessary to note that not all elements of democracy can be directly tested in the context of the World Bank. In particular, determining whether the will of the majority of stakeholders is reflected in global governance decisions is nearly impossible. Determining the majority will would require some sort of global referenda or, from a research perspective, surveying millions of people in dozens of nations (cf. Held 2004). No such surveys have been conducted, nor has a referendum been held on any global policy,<sup>13</sup> let alone any World Bank project or policy.

It is also difficult to examine changes in the Bank's regard for liberal rights. Because of the World Bank's role as an international financial institution lending money to support development and economic growth, relatively little of its work touches directly on issues of rights. Granted, the World Bank may impact individual rights. Its projects may support corrupt governments, undermine public safety, or abrogate the property rights of people living in its project areas. However, there is no evidence that the Bank deliberately engages in such activities, nor that it has such impacts consistently across the majority of its projects. Moreover, most of the Bank's negative impacts result from project-specific decisions made by local, regional, or sectoral staff in conjunction with the government of a borrowing nation. They are not the result of a Bank-wide policy of malfeasance.

The Bank's capacity to support liberal rights is also limited by its charter, which precludes its direct involvement in political issues. (In the later 1990s the Bank began to address borrower corruption, but only by designating it a barrier to development.) The Bank has developed a series of social and environmental

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<sup>13</sup> The EU constitution may be considered a partial example, except that referenda were not held in all EU states. Moreover, the EU is a regional body, not a global one.

safeguards influenced by civil society, but these safeguards tend to focus on environmental or social impacts in ways that do not ascend to the level of commonly recognized rights. Moreover, they only pertain to Bank-funded activities. They may, in theory, create new precedents or norms, but because no country is bound to implement them outside of Bank activities, they do not create enduring rights.

Nonetheless, one can test whether civil society has contributed to other aspects of democracy, including equal citizen authority and institutional responsiveness. One can also examine the role of other democratic values, such as accountability and transparency, in achieving these ends. For instance, civil society could expand the access of currently marginalized stakeholders to international institutions, force a technocratic institution to respond to the demands of at least some citizens (even if the demands of the majority cannot be concretely identified), or hold leaders accountable to previously negotiated agreements or policies.

In the absence of reliable evidence of the majority will, demonstrating civil society's contributions to these other components of democracy will not *prove* that civil society is democratizing policymaking at the World Bank. However, this thesis is primarily a test of existing claims. Therefore its focus is on attempting to falsify those theories which promote transnational civil society as a means of democratizing global governance. Data indicating that civil society fails to uphold any one aspect of democracy would be sufficient to qualify or amend those theories which claim that transnational civil society is democratizing global governance. At the same time, findings showing that civil society contributes to democratizing policymaking at the World Bank, even incompletely, would give some support to those theories which depict civil society as a solution to the democratic deficits in global governance. It also might support specific tenets of such theories even without proving them in their entirety, and it would highlight avenues for further research.

### **The Research Question**

As noted earlier, the central question of this thesis is: do data about the World Bank support the idea that civil society can democratize global governance? To answer this question, the thesis will examine whether transnational civil society actually is democratizing Bank policymaking. There are three reasons for this. First, the best and most definitive evidence of transnational civil society's capacities is demonstration of concrete achievement. This is particularly important in the realm of global

governance, where the hypothesized capacities of international actors and regimes have frequently failed to live up to expectations.<sup>14</sup> Second, it has been almost 20 years since civil society's capacity to democratize global governance was discussed by scholars like Lipschutz and Shaw. In the intervening decades, civil society has demonstrated that it is indeed capable of changing the international system. Thus if its capacity to democratize global governance is real, then one would expect to find concrete evidence of democratizing impacts. Finally, a substantial portion of the literature on civil society and the democratization of global governance argues that civil society is democratizing on the basis of the impacts that civil society has already had. Thus, testing whether civil society is democratizing global governance on the basis of civil society's concrete impacts allows the thesis to investigate directly some of the claims made in the literature.

A couple of caveats should be specified. First, one must differentiate between democratizing World Bank policy and democratizing the World Bank's internal processes. A substantial body of literature exists examining how organizations themselves may be governed internally by representative processes, but it is not considered in this thesis. Creating internal democratic processes at the World Bank would do little to guarantee the balanced consideration of stakeholder interests. The Bank staff themselves are not the designated representatives of any group of stakeholders (except perhaps the president, who is chosen by the United States) and make most day-to-day decisions on a technical, rather than a political, basis. This is not to say that the Bank is apolitical; to the contrary, it is extremely political. However, its political nature comes from the constant external pressure exerted on it by the governments of its various stakeholders to promote their national interests. Given the Bank's technocratic internal environment and the high number of external inputs into its decisions, internal organizational democracy would do little to assure the equal representation of stakeholder interests or stakeholder control over policy decisions. Moreover, the thesis is using the World Bank to test the prevailing theories on the democratization of global governance, most of which focus on the impact of external forces on international institutions. Thus the focus is on the Bank's responses

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<sup>14</sup> Numerous examples come to mind, the most recent being that the UN Convention on Genocide did not, despite anticipations, lead to UN intervention in Darfur once a genocide was publicly declared. See Bellamy, Alex and Paul Williams. 2006. The UN Security Council and the Question of Humanitarian Intervention in Darfur. *Journal of Military Ethics* 5 (2):144-160.

to external pressure brought by transnational civil society, not on the democracy of the Bank's internal processes.

It is also important to note that the Bank has a significant history of engaging with civil society in the course of project implementation. The Bank has long recognized that civil society involvement in development projects can increase the effectiveness and success rate of such projects. Consequently, the Bank has been regularly engaging with local civil society since the early 1990s. This involvement may have an admirable effect on democratizing local development (cf. Clark 1991; cf. Long 2001). However, local, project-specific decisions rarely translate into transnational policies. Moreover, many of the civil society organizations involved do not meet the definition of transnational civil society as their activities and connections are wholly local. For these reasons, this thesis focuses primarily on civil society engagement with the World Bank's Washington-based policy processes.

To determine whether civil society is democratizing Bank policymaking, this thesis poses six sub-questions designed to ascertain how civil society contributes towards developing democratic input, throughput, and output at the World Bank. The questions are also designed to help the thesis engage with specific claims made in the literature.

*Which civil society organizations are involved?* The literature supporting civil society's democratizing capacity indicates that civil society organizations from both the developed and developing nations are involved in transnational policymaking. The diversity of transnational civil society is part of what enables it, in theory, to represent the global citizenry. However, as noted earlier, there is some disagreement in the literature regarding whether transnational civil society is dominated by organizations from the developed world. Understanding which civil society organizations are involved is necessary to verify civil society's diversity and it is an important preliminary step in determining whether some organizations have disproportionate power or impact.

*How do civil society organizations interact with one another?* Inclusivity, participation, and deliberation are all important democratic values used in the literature to support the idea of civil society's democratizing capacity. The literature implies, or sometimes explicitly states, that civil society organizations dialogue with one another

and engage in deliberative or consensual decision making. This sub-question tests that premise. Such testing is important because much of the literature on transnational civil society focuses on ad hoc campaigns in which the participating organizations hold very similar positions. Policymaking at the World Bank, however, has featured a greater diversity of views. By examining interactions between civil society organizations at the World Bank, this thesis aims to contribute to the understanding of how civil society organizations identify and handle differences and whether they engage in dialogue with each other.

*How do civil society organizations choose their policy positions?* A significant portion of the literature supporting transnational civil society's capacity to democratize global governance posits that civil society advocacy arises from grassroots interests.

Although it is not possible to test how well civil society policy positions represent the interests of grassroots stakeholders due to the lack of data on such interests, it is possible to investigate how civil society organizations choose their policy positions. For instance, some authors claim that international organizations consult with local partners in constructing policy positions, whereas critics have implied that organizations based in the rich world focus primarily on the demands of their rich world membership.

At the same time, several authors have suggested that funding concerns influence the activities of different organizations, especially NGOs providing development services. In particular, critics indicate that some NGOs tailor their activities to curry favor with their major donors. If this is the case in policy advocacy, civil society organizations may act as proxies for donor interests rather than as grassroots representatives. This sub-question addresses these tensions in the literature. It explores whether civil society organizations seek to include and represent more voices in constructing their policy positions, and also explores the influence of funding on advocacy.

*What impact has civil society had on the World Bank?* Two elements of democratic input and output are equal citizen representation and citizen control over governance institutions. By associating changes in Bank policy or behavior with the policy positions of specific organizations, the thesis can help determine whether some organizations are more powerful than others and contribute to debates in the literature

about equality of stakeholder influence. Likewise, verifying that civil society actually can influence World Bank policy is an essential part of testing claims made about transnational civil society's democratizing capacity.

*By what mechanisms has impact been achieved?* As noted earlier, the literature has yet to agree on exactly how civil society organizations achieve their impacts. One important theory is that civil society organizations rely on state power for their influence. This, in turn, leads to questions about civil society organization's independence and agency, as well as the inclusivity of civil society as a whole.

Examining the mechanisms of influence also helps address the questions of equal access and authority among stakeholders. If the mechanisms by which civil society achieves its impact are accessible only to certain civil society organizations, this finding might strengthen the contention, made by some critics, that a small number of elite organizations (generally from the developed world) dominate civil society influence.

*What impact does civil society have on the power of developing country governments in transnational policymaking?* Much of the concern about the democratic deficit in global governance focuses on the perceived marginalization of developing countries within the governance structures of international institutions. Thus the literature implies that the states may be an important means of representation for developing country citizens. Moreover, some civil society organizations and most international institutions recognize states (particularly democratic states) as important partners. However, some civil society organizations contest the legitimacy of states as popular representatives, and some researchers have indicated that civil society advocacy may further reduce the power of developing country governments in international policymaking. Explicitly examining the interaction between civil society and developing nations enables this thesis to address these issues and to develop a more nuanced and holistic picture of citizen input into transnational decision making.

### **Selection of Case Studies**

These questions will be answered using a single, primary case study and two secondary case studies. A case study approach was chosen because of the number of 'how' and 'why' type questions, described above, embedded in the larger thesis

question. Although some aspects of the research question, such as the composition of civil society, could be answered by other methods such as surveying, most of the thesis' sub-questions explore complex cause-and-effect relationships. Answering such questions requires examining "operational links needing to be traced over time", an activity for which case studies are particularly well suited (Yin 1994 p. 5-6). Moreover, the events to be researched have all taken place within recent memory or were taking place concurrently with the thesis, thus allowing the effective use of interviewing and participant observation. The combination of core questions and available methods suggested that a case study approach would be most appropriate (see Yin 1994 pp. 9).

The primary case study, the 10<sup>th</sup> replenishment of funds for the World Bank's International Development Association, uses in-depth primary-source analysis of significant events in the Bank's history to create a preliminary set of answers to the research questions. The study was based on extensive archival research using Bank, government, and civil society records, some of them privately held. Documentary analysis was complemented by intensive interviews with senior government, Bank, and civil society leaders with firsthand knowledge of key events. The hypotheses thus generated were tested in two subsequent case studies, the Arun III dam cancellation in Nepal and the Bank's country systems policy. These cases were evaluated using a combination of primary-source information, including documentary research, interviews, and participant observation of the ongoing country systems negotiations, and as well as some secondary sources. The following sections explain why these case studies were chosen.

#### *The Primary Case Study: The IDA-10*

In 1960 the World Bank's donors established the International Development Association (IDA). The IDA provides loans to clients on concessional terms, i.e. with long repayment periods and little or no interest. The IDA can also provide outright grants. For these reasons, it is the World Bank's primary tool in addressing poverty in the world's least developed countries. Because IDA lending, unlike normal Bank lending, is not readily repaid to the Bank, the Bank's donors must replenish the IDA approximately every three years. These replenishments have become a major focus for the struggle to control the Bank, as interested parties seek to attach conditionalities to the Bank's funding.

Between 1992 and 1995, civil society organizations seized on the 10<sup>th</sup> replenishment of the IDA (referred to simply as ‘the 10<sup>th</sup> IDA’ or ‘IDA-10’) to force reforms at the World Bank. Transnational civil society organizations sought to reduce the size and influence of the Bank, change its approach to development, and create new mechanisms for outside oversight and accountability. The resulting campaign was arguably the first truly global civil society reform effort. While the term ‘global civil society’ was already in use in 1992, the studies which popularized the term generally depicted campaigns centered on small groups of US and European NGOs (see, for example, Lipschutz 1992). Although these groups had global spheres of operations and influence, their membership was largely limited to the citizens of industrialized nations. These campaigns sometimes involved local partners, but such partners’ involvement tended to be ad hoc, focusing on mitigating the domestic impacts of a specific project (such as deforestation or forced resettlement) rather than the reform of a global policy. In contrast, campaigning on the 10<sup>th</sup> IDA involved nongovernmental organizations from every inhabited continent, and its reform agenda impacted scores of World Bank borrowers. In many regards then, the 10<sup>th</sup> IDA marks a key milestone for transnational civil society as an acknowledged international player in the modern era.

Moreover, this case formed a turning point in the Bank’s interactions with civil society. Many elements of the campaign were extremely successful. Civil society organizations succeeded in obstructing a significant portion of IDA funds. This funding cut forced the World Bank to recognize the importance of civil society actors in the international system and to create both formal and informal mechanisms for their continued involvement in Bank affairs. Following the cut in its IDA funding, the Bank’s management invited NGOs into more frequent policy consultations in an effort to forestall further attacks, giving civil society much greater influence over the institution’s policies. The World Bank also made specific concessions, including the creation of a new information disclosure policy and the World Bank Inspection Panel, that facilitated future civil society impacts.

Lastly, the IDA-10 has not been subjected to a detailed study. It has been given brief treatment in the Bank’s official history and one scholarly article, and some mention in various histories of the Bank’s Inspection Panel (see Kapur et al. 1997; Nelson 1997; Clark, et al 2003). However, the 10<sup>th</sup> IDA has yet to be the focus of a thorough investigation that treats it as an organic whole rather than simply highlighting

selected outcomes. Thus, in addition to the political science contributions described earlier, this thesis is also contributing to the body of knowledge in political science and development studies by making a detailed study of an important milestone in the Bank's policymaking history.

### *The Secondary Case Studies*

The secondary case studies include the 1994-1996 campaign to cancel the World Bank's Arun III dam project in Nepal and the World Bank's adoption of borrowers' national systems for managing project procurement and finances in 2007-2008.<sup>15</sup> The Arun III case is significant because it involved the first appeal to the World Bank's Inspection Panel. It is also interesting because it highlights the ways transnational activism can impact local democratic processes. The case study on the creation of the Bank's Use of Country Systems for Procurement policy (commonly known as country systems) was chosen largely because it is very recent. It allows the thesis to test whether earlier trends continue through present day. Additional details on the selection of these case studies are given in Chapter 7.

### **Limits of this Approach**

This thesis' primary limitation is its number of case studies. The thesis has only three case studies, with just one forming the backbone of the thesis. However, in this research, depth has been preferable to breadth. The use of numerous, relatively shallow case studies can sometimes facilitate a 'cream-skimming' effect in which superficial examination and selective use of data creates the appearance of patterns where few exist. Some of the more theory-oriented literature on transnational civil society uses the sort of broad-brushstroke approach which may be susceptible to this problem. Therefore detailed empirical research is necessary to test and explore existing theories. Naturally the time and resource constraints of doctoral research limit the scope of the thesis. To facilitate maximum depth while still checking the applicability of my findings, I have chosen to focus on detailed research into a seminal moment for transnational civil society and for the World Bank, and then verify my findings via two additional case studies.

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<sup>15</sup> Additional details on the research methods used in these cases are found in Chapter 7.

## **Methodology**

In making its enquiry, the thesis uses individual civil society organizations as its unit of analysis. Many of the existing works on civil society referenced above use one or more civil society campaigns as their unit of analysis, or even civil society as a perceived whole. As will be discussed in more detail in Chapter 4, this can lead to a number of problems. A tendency to focus only on successful campaigns can lead to an overly rosy view of civil society. By examining a particular campaign from its endpoint and tracing it backwards towards its roots, researchers may overlook competing campaigns that died out or alternative voices that were excluded from the main effort. Looking at civil society as a universal whole (for example as Held or Nanz and Steffek do) can facilitate theory building, but the lack of data on the behavior and motivations of individual civil society organizations makes such an approach less useful for developing policy. To avoid or minimize these problems, this thesis examines the behavior of the forty-plus organizations involved in the IDA-10 individually, and then builds a picture of civil society as an aggregate of their traits and actions.

Research for this thesis used a combination of document analysis, semi-structured interviews, and participant observation. Most research was conducted in Washington, DC, with some phone interviews conducted with persons outside Washington. Research began with the collection and review of relevant documents, which allowed me to identify key actors for interviews. Interviews were also cascaded, with each informant suggesting additional contacts. Participant observation was used to collect data on the ongoing process by which the Bank was developing its policy on the Use of Country Systems for Procurement.

### *Document Analysis*

Document analysis formed the backbone of the thesis. Document research began in October 2007 and was a major source of data for all three of the case studies used in the thesis. Six types of documents were analyzed: legislative records from Bank donor nations, particularly US Congressional records; World Bank records; US Treasury documents; civil society documents; contemporary media accounts; and published memoirs. The content of the documents was analyzed comparatively to establish a chronology of events and identify key actors. Communications between key actors

were used to identify networks. Correspondence between actors also at times revealed actor motivations and causal linkages.

US Congressional records were obtained via the US Library of Congress. These included all bills and amendments proposed in the House or Senate relevant to the IDA-10, including those that were not passed into law, as well as records of floor debate on these items. It also included the text of the final laws governing IDA appropriation and authorization. In addition, it included records of the three Congressional hearings held on the IDA and the World Bank in 1993, including all documents submitted by the civil society organizations participating. UK records of floor debates and voting on the IDA were also examined, and the Finnish decision not to fund the IDA-10 was verified from secondary sources.<sup>16</sup>

World Bank records included the various Operational Directives related to the demands made by civil society during the IDA-10 negotiations, as well as directives related to the Arun III project and draft copies of the Use of Country Systems (UCS) proposal. They also encompassed Bank press releases and Bank reports. These included Bank reports on specific projects and Inspection Panel reviews of certain loans. Bank records also included summaries of some Bank meetings with civil society on the IDA-10 and UCS.

US Treasury records provided accounts of the international IDA-10 negotiations taking place between donor country deputies. I also obtained Treasury reports from 1992-93 detailing the Treasury's proposed negotiating points for some of the deputy meetings. Some of these reports specifically noted the demands of US civil society. For research on later events, specifically the Use of Country Systems, confidential informants provided copies of Treasury emails to key actors.

Civil society documents came from a variety of sources. The Bank Information Center (BIC) provided hundreds of pages of faxes and letters from the IDA-10 campaign, revealing the patterns of interaction among dozens of civil society organizations. Because BIC provided documents it had received as well as those it had sent, this collection gave me access to memos and correspondence authored by Environment Defense, Greenpeace, Narmada Bachao Andolan, Rainforest Action Network, and a host of other organizations. The Charles Stewart Mott Foundation

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<sup>16</sup> As will be discussed in Chapter 3, Finland and the US were ultimately the only countries to withhold IDA-10 funding.

provided a record of all of its grants related to international environmental advocacy between 1990 and 1994. Bread for the World provided copies of internal reports on the IDA from 1992 and minutes of its board of directors meetings from 1993. For some organizations, like 50 Years is Enough, historical records were also available via their websites. Actors involved in country systems negotiations also provided emails, including both internal strategy discussions and correspondence with US government officials.

Media accounts were used as an additional window on civil society and World Bank action. During the IDA-10 and Arun III campaigns, the Bank and civil society organizations engaged each other through press conferences in Washington and Brazil and statements made in England, India, and Nepal. Media accounts also provided insight into the positions of borrowing country governments. Borrowers were excluded from IDA deputy meetings, so there are few contemporary records of their positions. Careful review of the media records, however, yielded a number of borrowing government statements on the IDA. The Nepalese government, including a number of key political figures, also used the press to express their views on the Arun III project, the campaign against it, and the Bank's cancellation of the project.

Published memoirs provided invaluable firsthand recollections of key events. Several government and civil society staff had written accounts of the Narmada Dam campaign for William Fisher's *Struggle Over a River*, published in 1995.<sup>17</sup> Others had contributed to Kevin Danaher's *Fifty Years is Enough*, published in 1994. Bruce Rich had recorded his reflections on the 1980s global environmental movement in *Mortgaging the Earth*, published in 1994. Lori Udall, who led the Arun III campaign for International Rivers, wrote about it in 1998, and one of the Inspection Panel members, Richard Bissell, published an account in 2003. These firsthand accounts, many of them written very close to the events being researched, provided invaluable detail.

### *Interviews*

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<sup>17</sup> The Narmada Dam campaign focused on a World Bank project in India, with the most vociferous campaigners seeking the cancellation of the loans funding the dam. The campaign directly informed the attitudes and policy agendas of some of the major NGOs involved in the IDA-10 and helped lay the groundwork for the creation of the World Bank Inspection Panel. The Narmada campaign is discussed in more detail in Chapter 3.

Intensive interviewing complemented the documentary research by providing additional details and insights, as well as giving the narrative a more human aspect. I conducted 26 interviews for this thesis between October 2007 and August 2008. 22 of these interviews were with senior sources in civil society, government, and the World Bank.

Interviews lasted an average of sixty minutes, with some interviews exceeding 90 minutes in length. The interviews were extremely detailed. Major themes were maintained in each interview for the sake of consistency. However, aspects of each interview were tailored to the interviewee on the basis of the archival data. I also followed up with most interviewees via email, clarifying key points from the interview and garnering additional information.

The vast majority of interviews (19 out of 26) focused on the informant's role in the IDA-10 process. Two interviews also emphasized the informants' roles in the Narmada Dam project. Two interviews garnered additional background on the Country systems negotiations. (Most information on UCS, however, came from participant observation and is discussed below.) Three interviews were conducted with relevant Bank staff to develop information on the evolving role of the Bank's Civil Society Team, pursuant to writing my policy recommendations. Additional interviews focused on the impacts of civil society advocacy since the IDA-10 period.

Interviewees for these interviews were chosen for their direct, personal involvement in the IDA-10. As noted, interviewees were initially identified via document analysis. Content analysis of the Congressional records and media accounts and network analysis of the BIC faxes helped identify key actors. I also cascaded my interviews, asking each interviewee to recommend other potential sources. Lastly I used my network of contacts from previous research at the World Bank and business consulting in Washington to identify those Bank staff and US government staff who had been directly involved in the IDA-10.

I wanted to be able to readily compare data from different interviews and to solicit the responses of a diverse group of actors to certain questions I had already identified. However, I also wanted the freedom to explore new lines of questioning as they presented themselves.<sup>18</sup> Therefore I chose to make my interviews semi-structured

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<sup>18</sup> For instance, the thesis' exploration of funding evolved out of early interviewee responses to questions about sources of divisions among civil society actors.

(cf. May 1997 p. 111).<sup>19</sup> Areas of enquiry included the history and background of the interviewee's organization; their connection to the IDA; their organization's major issues of concern; its position on whether the IDA should be replenished; and why and how that position had been chosen. I also asked them with which other organizations they collaborated, how that collaboration developed, and whether there was tension among the CSOs involved in the IDA (and if so, what sort of tension and why). I enquired about their funding sources and any impact that funding had had on their organization's behaviour. I also asked about the post-IDA-10 period, including how alliances built during the IDA-10 had fared later and what sort of work their organization was doing now.

Most of the civil society, Bank, and US government staff involved in the IDA-10 were still in Washington, DC. Many of these persons had enjoyed successful careers, so most interviews were very high-level. Some interviewees also worked for organizations that did not permit their staff to speak on the record. Most interviewees are not identified by name in this thesis, but nearly all interviewees agreed to be identified to the examiners for the purpose of the viva. A list of the interviewees and their organizations will be made available to the examiners but will not be bound with the thesis.

Because fifteen years had elapsed between the IDA-10 and the interviews, it was important to control for recall error. This was done by asking respondents questions the answers to which I could check against documentary sources. First, interviewees were asked questions about the history of their organization's involvement with the IDA-10, which encouraged them to lay out a timeline. This, in turn, was checked against the chronology of key events established via the documentary research. Similarly, respondents were asked about key associations or participation in key meetings for which I already had records. Most respondents had a very clear recollection of events. However, where their memory of verifiable facts contradicted the written records, that section of the interview was viewed as unreliable and data from it was not used in the thesis.

Because people actively construct memories, another concern was that interviewees might have reconstructed their impressions of events over time (see, for example, Lewis 2008). For instance, my documentary research led me to believe that

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<sup>19</sup> A sample interview protocol will be provided to examiners upon request.

there was significant tension between some development NGOs and environmentalists over the tactics employed by the latter during the IDA-10, particularly the environmentalist-led effort to cut IDA funding. In conducting interviews, however, I was initially concerned that some actors from development NGOs would be inclined to remember those tactics more favorably because the tactics eventually produced outcomes, such as the creation of the World Bank Inspection Panel, that are now widely seen as positive. The danger of such reconstruction was mitigated in two ways: through the structure of the interview and a diversity of sources. First, each interview began with a series of factual, historical questions designed to help interviewees recall the specific historical context of key events. Interviewees were then asked to share their more subjective impressions from within that historical mental space (e.g. ‘How did you feel about X at the time?’), rather than to share their current reflections on past events (e.g. ‘Looking back, how do you feel about X?’). Second, interviews were conducted with a diverse group of sources. Actors came from civil society, government, and the Bank. Within civil society, interviewees came from a diversity of organizations. Within the Bank and government, they came from a diversity of departments. Some were retired; some were actively employed. While any given individual may have reconstructed elements of his or her experiences, it was unlikely that all sources would redact their experiences in the same way. There was little likelihood of group-think, nor were there consistent career pressures. Thus I am confident that those points agreed upon by multiple sources represented an accurate description of events. In the case mentioned above, regarding development NGO impressions of environmentalist tactics, I found over time that most development NGO respondents had nuanced reflections that I perceived to be accurate: some articulated to me how their impressions of environmental advocacy had changed over time and one even provided a specific date for when his organization began considering the benefits of environmentalist advocacy tactics.

### *Participant Observation*

I used participant observation to collect data on the ongoing negotiations over the Bank’s proposed policy on the Use of Country Systems for Procurement. Observation involved attending three meetings between November and December 2007: a Bank consultation with business in Washington; a Bank consultation with business in New York; and a Bank consultation with civil society in Washington. All meetings were

public and 'on the record'. I observed and made notes on the proceedings of each meeting. I posed questions in the New York meeting and in the Washington civil society consultation. I also spoke with as many of the participants in each meeting as I could, either before or after the meeting, to gather information on their organizational affiliation and views on the proposed policy.

I corresponded with some participants over email subsequent to the meetings in which we had both participated. These participants provided me with records of other consultations and of their meetings with key policymakers.

This engagement served several purposes. Attendance at multiple meetings allowed me to observe how the Bank's public presentation of its policy evolved in response to criticism. I was also able to compare Bank staff promises during the meetings regarding what would be included in the policy to what was ultimately included in the final version; this provided some measure of the sincerity of the Bank's public statements. Various participants in the meetings had developed transnational networks of colleagues also engaging with the Bank on the UCS policy. Meeting the participants and tying into their networks gave me a cross-section (albeit still a limited one) of the organizations involved. Lastly, I compared my personal records of the meetings with the Bank's public reports on the meetings to verify claims that the Bank was omitting critical comments from its public reports.

### *Limits of the Research*

Not all of the data collection attempts made for this thesis were successful. Two instances stand out: my effort to obtain additional information on CSO funding and my efforts to contact developing country leaders and civil society members involved in the IDA-10. Given the potential significance of funding in determining participation in the IDA-10, I sought to locate objective documentary evidence on organizational funding. I therefore filed requests with the Internal Revenue Service in the United States for summaries of the 1992 tax records for all 18 of the US-based organizations involved in the IDA-10. These records would have listed summaries of organizational income and provided an indication of the types of funding received (grants, aid contracts, membership fees, etc.) The IRS responded that it had no record of tax payments by certain of these organizations (for example, the US Catholic Conference of Bishops). For the majority, it responded that it no longer retained tax records from the year requested. Since I was lacking tax information on approximately half of the

IDA participants, I did not attempt to obtain tax records for organizations based outside the US. Instead I relied on the recollections of participants regarding funding for their organizations. In many cases this was verified by cross-reference to documents supplied by the Charles Stewart Mott Foundation (which had retained records on its giving from the early 1990s) or substantiated by research into organizations' histories and current funding structures.

The actions and opinions of developing country actors (both civil society and government) feature throughout the thesis. Because these actors were scattered throughout the world, traveling to interview them was economically unfeasible. I sought contact information on many key actors for the sake of arranging phone interviews, but these efforts were unsuccessful. Developing country government staff involved with the IDA-10 were no longer in Washington and contact information could not be identified via internet searches. Some of the civil society organizations involved in the IDA-10 were likewise untraceable and some may have no longer been in existence. Requests for interviews or for contact information on the leaders who had been involved in the IDA-10 went unanswered. In the case of the Forum of African Voluntary Development Organizations (FAVDO), one of the key developing country actors involved, I also sought contact information through a senior source at InterAction, which had previously provided office space for a FAVDO representative. This arrangement had ended, however, and my source had no information on how FAVDO's representative from 1992-1993 might be contacted. Documentary evidence, however, provided significant information on the positions and behavior of developing country governments and organizations. Developing country organizations featured in Bank records, Congressional hearings, the BIC faxes, published memoirs, and contemporary media accounts. Borrower government opinions were likewise featured in contemporary media accounts and published memoirs. Information was sufficient to form a detailed picture and to cross-reference information to verify specific aspects. I therefore used documentary sources alone for this portion of the research.

### **Structure of the Thesis**

Including this introduction, this thesis has eight chapters. Chapter 2 provides a review of the relevant literature on transnational civil society and global governance and identifies the key questions in the literature. It then uses the work of Uhlin, Dingwerth, and Scharpf to divide democracy into input, throughput, and output

components. The chapter then builds on these authors' work by identifying the different contexts and roles in which civil society can operate, ranging from undemocratic states to supranational policymaking, and shows how civil society must support different components of democracy in order to democratize governance in each context. It uses this analysis to organize the literature and to highlight limitations in the existing research.

Chapter 3 is a chronology of the 10<sup>th</sup> IDA. It covers the interactions between civil society and the World Bank leading up to the IDA-10, highlights key events in the negotiations, and details the outcomes. The chapter identifies the key transnational civil society actors engaged with the IDA, and finds that the actors formed two distinct groups with diverging policy interests, one supporting full IDA funding and one opposing it. This fracture within civil society allows the thesis to analyze civil society's motivations, impact, and representation via comparisons between the two factions in subsequent chapters.

Chapter 4 examines the possible explanations for the divisions within the IDA-10 civil society group. It explores the roles of Northern and Southern affiliation, ideology, and financing. Ideology or mission appear to have determined the policy positions of most organizations, while financial incentives influenced which organizations participated in the IDA-10 process. The chapter gives particular attention to the Charles Stewart Mott Foundation, which funded the activities of several key participants, and identifies a possible principal-agent relationship. Diverging financial interests are also found to lead to a lack of dialogue or compromise among the organizations being researched.

Chapter 5 analyzes the mechanisms by which civil society organizations exerted influence over the World Bank. It explores the roles of transparency, accountability, and dialogue in increasing institutional responsiveness to stakeholders and shows how these elements were used during the 10<sup>th</sup> IDA. The evidence collected shows how the most effective tool used was financial leverage exercised via the US government. Such leverage was only available to US-based NGOs with strong political connections. This explains why the anti-IDA faction was able to carry its agenda over the objections of the numerically larger pro-IDA faction. These findings highlight the role of nation-states in facilitating civil society influence on global governance. They also indicate that although civil society may increase institutional

responsiveness to certain stakeholders, its reliance on powerful states may undermine the cause of improved stakeholder equality.

Chapter 6 examines the impact of transnational advocacy on the capacity of states, particularly Bank borrowers, to act as representatives of stakeholder populations. It looks at the effect of transnational advocacy on the role of states in Bank policymaking, and at the effect of international campaigns on the internal policymaking processes of target countries. It also examines the role of local partners in transnational coalitions. The chapter finds that transnational civil society weakened the bargaining power of borrowing state governments during the IDA-10 by challenging the credibility and authority of borrower governments in World Bank policymaking. The data indicates that the presence of local partners in international coalitions is no guarantee of their representivity and that transnational civil society activity targeting borrower countries has the potential to negatively impact the self-governance of the national population.

Chapter 7 tests whether the patterns observed in the IDA-10 are repeated in the Arun III anti-dam campaign and the World Bank's adoption of country systems for procurement. The chapter finds strong support for civil society's reliance on national influence in policymaking, and strong indications that this privileges better-connected actors. It also finds some indication that civil society involvement in policymaking is driven by a combination of financial and ideological pressures, and that dialogue among civil society organizations is limited. The Arun III case provides particularly strong evidence of international civil society ignoring the expressed will of local stakeholders and hindering national democratic practices.

Chapter 8 summarizes the findings of the thesis and examines the implications of the data from the World Bank research for the understanding, particularly within political science, of transnational civil society and its contributions to democratic global governance. Among other things, this chapter highlights the significance of the context-based assessment of civil society contributions to democratization, challenges claims of civil society's representivity, and elaborates on the importance of North-South-North patterns of global advocacy. It also makes recommendations for further academic research on transnational civil society and global governance. Finally, this chapter suggests ways in which the World Bank can channel civil society influence to produce more democratic policymaking processes and puts forward some ways in

which civil society itself can enhance its representivity through improved accountability, transparency, and internal dialogue.

## Chapter 2

### Context, Role, and Legitimacy

In order to better understand how the data generated in this research interacts with existing theories on transnational civil society and global governance, this chapter reviews the relevant academic literature. This chapter also presents a new framework for organizing that literature and for examining civil society's impact on the development of democratic global governance. These two components, the review of the literature and the framework for assessing democratization, allow the thesis to analyze civil society's impact on global governance in the context of the World Bank and to understand how those findings reinforce, challenge, or expand on the existing literature.

As transnational civil society has become a prominent feature of world politics, a number of problems have arisen regarding its study. Early research and analytical theory on civil society in international relations was dominated by a desire to demonstrate the potential for an alternative to the state-based study of international affairs. Thus the early literature, particularly from the constructivist school, focused on demonstrating civil society's impact. Now that that impact has been proven, new questions have arisen regarding the civil society's impacts and behavior. Civil society is frequently heralded as a key component of more responsive, just, or democratic global governance. Nonetheless, as noted in the previous chapter, a variety of researchers have called into question civil society organizations' motivations, representivity, and democratic credentials (for example, Bowden 2006; Cooley and Ron 2002; Foley and Edwards 1996; Nelson 1997). These concerns, in turn, raise questions about civil society's capacity to democratize global governance.

The majority of authors still hold that civil society can contribute positively to global governance, but they suggest a wide variety of prescriptions for judging or improving civil society's performance. Some authors stress transparency or accountability (Scholte 2004; cf. Nelson 1997). Others emphasize participation or deliberation (Nanz and Steffek 2004; Payne 1996). Representation of disempowered populations is another common source of credibility (Keck and Sikkink 1998;

Grzybowski 2000; Nelson 1997). Still others judge civil society primarily by its impacts, usually emphasizing its positive ones (Rich 1994; Florini 2003; see also Lipschutz 1992). This wide divergence reflects a clear lack of consensus on the criteria by which democratization should be judged. This lack of consensus, in turn, has led to a fractured literature and a dearth of clear-cut debates. The literature itself fails to highlight clear axes of argumentation which might be evaluated and comparatively judged.

This chapter seeks to identify common flaws in the standards used for evaluating civil society's impact on global governance and to develop an analytical framework based on civil society's contributions to democratization. In keeping with the existing literature, this thesis uses the term 'democratic legitimacy' to describe civil society's capacity to contribute to democratic governance. As applied by Scharpf to the European Union, the term democratic legitimacy refers to the characteristics which make a government or international institution democratic. Its application to civil society, however, should be clarified since civil society does not directly govern world affairs and because the thesis seeks to assess civil society's contributions to democratic governance of the World Bank, rather than the internal characteristics of civil society itself.<sup>1</sup> Therefore, this thesis uses 'democratic legitimacy' to describe civil society's contributions to creating or maintaining a democratic system. Civil society organizations (individually and collectively) are judged to be democratically legitimate when they contribute to creating or maintaining democratic governance within the context in which they operate.

Drawing on the definition of democracy laid out in Chapter 1, this chapter shows how, in different contexts, civil society occupies different roles and must be judged differently. Dividing the concept of democratic legitimacy into three categories, this chapter shows how the relative importance of civil society's input, throughput, or output legitimacy varies depending upon the other democratic protections available to the applicable demos.

To help highlight the impacts of context and the ways in which civil society can respond to it in a democratically constructive way, I have used the language of

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<sup>1</sup> Given that civil society organizations claim to represent only a fraction of the world's population, there is no guarantee that internally democratic organizations would yield democratic global governance. Moreover, research indicates that civil society organizations need not be internally democratic in order to contribute to democratization (Kopecky and Mudde 2004).

‘roles.’ Within the national context, civil society can act as a *Reformer*, seeking to reform or replace an undemocratic regime and install a democratic one, or as an *Advocate* representing the interests of particular groups within a democratic system. In either the state or international context, civil society can act as an *Agent* working on behalf of the state or international institutions. Finally, in the global context, civil society may also act as an *Authority* contributing actively to the creation and enforcement of global norms and policy. The reason why each of these roles is associated with a specific context is explained below.

As mentioned in the previous chapter, this approach requires deconstructing democratic legitimacy into three parts: input (such as grassroots participation), throughput (such as transparency), and output (mainly impacts) and examining the relative importance of each element in a given context. This method has several virtues. First, it allows us to examine and compare the standards of legitimacy currently applied to civil society. This helps organize the literature, laying the framework for future debates. Second, by separating the state and international contexts, it shows which elements of domestic legitimacy may be applied to international actors, contributing to (and hopefully clarifying) the ongoing debate on the relevance of the domestic model in the analysis of international civil society. Third, it allows me to use the national-international comparison to demonstrate the need to develop new standards for assessing the contributions to democracy of international actors.

This chapter will proceed in five parts. I will begin by reviewing the literature on transnational civil society and identifying questions in need of clarification. Next, I will disaggregate democratic legitimacy and discuss its various elements. Third, I will identify the four contexts in which civil society may act and elaborate the rationale for judging democratic legitimacy differently in each context. Fourth, using insights from this analysis of contextual legitimacy, I will highlight two important problems in the current analysis of the legitimacy of transnational nongovernmental actors. Finally, I will discuss ways in which this thesis will utilize a contextual understanding of legitimacy and contribute to the remaining questions in the literature.

## **Framing the Problem**

Academic writing on civil society and international affairs dates back over thirty years.<sup>2</sup> In 1976 Mansbach, Ferguson, and Lampert defined “the interstate nongovernmental actor” as encompassing “individuals who reside in several nation-states but do not represent the governments of these states”, and included such actors alongside states and intergovernmental organizations as key players in the international system (pp. 39-40). Other early writings focused on international pressure groups and the international impact of trade unions (Willets 1982; Taylor 1984, respectively). Literature on international civil society, however, did not reach critical mass until the early 1990s, when a more regular dialogue began on the role of transnational civil society in global affairs (Florini and Simmons 2000 p. 8). Whereas earlier efforts were largely empirical, these new writings were prompted by a variety of theoretical, normative, and empirical interests. Since then, shifting foci within the field, combined with a multiplicity of approaches, have led to a fractured and at times meandering body of literature.

Some of the first instances of the term ‘global civil society’ appear in articles published by Martin Shaw and Ronald Lipschutz in 1992. Lipschutz wrote that global civil society was creating new “imagined communities,” a form of transnational demos that would “challenge, from below, the nation-state system” (p. 391). He applauded this change and embraced an explicitly normative agenda, calling for academics to “undertake the reconstruction of world politics” to facilitate civil society’s growing role (p. 420). Shaw took a slightly more cautious approach. He agreed that the growing power of civil society “challenged the principles of sovereignty and non-intervention” at the heart of the state system (p. 432), and that civil society’s growing power required a rethinking of international theory. However, he did not think the “global society perspective” would “become central to world politics in the short or medium term” (p. 434). These pieces were followed by a host of others, many of them arguing for the potential of civil society to revolutionize global governance. Some

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<sup>2</sup> There is also a large body of practitioner-authored literature, much of it contained in high quality monographs and edited volumes rather than the typical reports and white papers (such as Clark 1991; Mehta 1992; Rich 1994; Udall 1995; Patel 1995; Treacle 1998; Naidoo et al. 1999; Long 2001). As Keck and Sikkink wrote in 1998, academics studying transnational civil society were “coming late to the party” (p. 4). These practitioner-authored works are important sources of empirical data and many are referenced in this thesis. However, these works have had a limited role in theory-building. Therefore they are not surveyed in this chronology.

argued for civil society's democratizing potential (e.g. Held 1995; Spiro 1995; Payne 1996) whereas others simply emphasized its power and influence (e.g. Willetts 1996; Nelson 1997; Meyer 1997).

Most of this writing reflected the effort, often led by constructivists, to break free from a state-based, realist depiction of international relations. Constructivists argued that "processes of interaction produce and reproduce the social structures...that shape actors' identities and interests and the significance of their material contexts" (Wendt 1995 p. 81). Constructivists and others contested the dominant materialist perspectives in international relations which depicted state power as the predominant explanation for international events and decisions. They also contested rational choice theories which depicted states and other actors as unchanged by their interactions with one another (cf. Wendt 1995). The influence of civil society and the existence of transnational networks were important proofs that states were no longer the sole legitimate focus of study in international relations. Civil society's power to create norms and influence policy indicated that there was a locus of power outside the state and a means of power other than material dominance. The creation and adoption of international norms also indicated that states' interests could shift over time (cf. Evangelista 1999; cf. Clark 2001). Similarly, the idea of globe-spanning citizens' networks provided an alternative to the vision of international anarchy and isolated states favored by realists and rational choice theory. Many early writings reflect this thinking, arguing for the power of civil society to redefine norms and shape interests, especially for international institutions.

The focus on theory-building in the mid-1990s sometimes eclipsed empirical research. International relations writings about civil society often seemed to rely on media depictions of current events rather than carefully investigated case studies. At the same time, the case for civil society's democratizing potential was more inferred than proven, sometimes from the precedent of the civil-society driven democratization of South American and Eastern European nations (Bowden 2006; cf. Fatton 1995; cf. Lipschutz 1992; cf. Foley and Edwards 1996). The constructivist focus on norms and impacts left civil society advocates open to the charge of ignoring questions of agency by not specifying clearly the means by which civil society achieved its influence (Price 2003). Other critics challenged the relevance of national experiences to the global context (Bowden 2006; Goodhard 2005). A number of authors also suggested that

early writing on civil society ignored the ways in which the complexities of global advocacy might inhibit genuinely democratic representation. They noted that effective global advocacy relied on coercive power available only to a minority of NGOs and that the political bargaining in which powerful NGOs engaged was neither transparent nor accountable to many of the people it affected (Foley and Edwards 1996; Nelson 1997; cf. Tvedt 2002).

This wave of critique resulted in a number of strong, interdisciplinary works that combined constructivism with rational analysis. They focused on civil society's ability to upend the state system by introducing new norms while still relying on some state mechanisms to implement and enforce standards (Price 2003). Chief among these was Keck and Sikkink's *Activists Beyond Borders* which laid out the 'boomerang theory' of transnational advocacy, depicting how weak advocates in developing nations might enlist the aid of partners in powerful states who would use pressure from their own powerful governments to clear the political obstacles faced by their developing country partners (1998). Fox and Brown's *The Struggle for Accountability* made an empirical assessment of civil society's impacts on the World Bank, using case studies authored primarily by practitioners (1998). Florini's *The Third Force* continued this approach. It stressed civil society's increasing importance "for the larger problem of global governance" while emphasizing the tendency of civil society organizations to pursue "their [own] conceptions of what constitutes the public good" (Florini and Simmons 2000 pp. 5, 7). The volume included a number of case studies, including Risse's depiction of a "norm spiral" in which Keck and Sikkink's boomerang of influence bounced back and forth among civil society actors and states for an extended period, developing new norms via repeated, incremental impacts (2000 pp. 189-91).

These new works helped address some problems of theory and method but they did little to tackle growing concerns about the legitimacy of civil society. Continued questions remained about civil society's democratic credentials, particularly its accountability and transparency (Nelson 2000; Scholte 2004). Some work challenged whether civil society could function democratically outside the boundaries of the state (Bowden 2006). Still other authors challenged constructivist assumptions about civil society autonomy from the state or material interests (Tvedt 2002; Cooley and Ron 2002; Raustiala 1997).

One persistent concern was that civil society, particularly at the global level, was fundamentally dominated by elites. Research from both development studies (Nelson 2000; Murphy 2005) and political science (Anderson 2000) highlighted civil society's use of elite mechanisms – modes of influence only accessible to a well-connected or well-resourced minority of the interested participants in a given process. Some have suggested that civil society replicated and magnified the power imbalances of the old state system rather than remedying them (Woods 2000, 2005; Manji and O'Coill 2008). Similarly, Stone has argued that the complex nature of global networks belies claims for their democratizing potential, noting that “the extent to which global and regional networks become a focal point of public affairs has meaning primarily for those who have the resources, patronage or expertise” to participate in transnational discussions (2005 p. 89). These concerns contribute to the continuing debate among academics and practitioners on the appropriate role for civil society in global governance.

### *Defining Lines of Argumentation*

Numerous fault-lines exist within this body of literature. Fractures center on the understanding of civil society, the model of global governance, and the definition of democracy. Further complicating factors are the divisions between normative and empirical approaches and among various schools of academic research. The challenge in organizing the literature is two-fold. First, most of these faults are multilateral, with a spider web of cracks separating multiple theories rather a simple binary division. Second, most authors writing about civil society manage to cross multiple fault lines as they write simultaneously about civil society, global governance, and democracy (or the lack thereof).

The most obvious debate centers on civil society's behavior and motivation. Some authors maintain that civil society genuinely “rescue[s] the causes of marginalized or excluded groups” (Gryzbowski 2000 p. 442). Others insist that civil society pursues its own understanding of the public good (Florini and Simmons 2000; Nelson 1997). Some focus on the diversity of organizations, reminding us that not all civil society is truly ‘civil’ – i.e. nonviolent or interested in upholding the common good (Foley and Edwards 1996). The skeptics insist that civil society can be highly parochial, with transnational actors based in the global North promoting Northern or

rich-world policies for Southern or poor populations (Woods 2005; Nelson 2000; cf. Stiglitz 1999). The most pessimistic of all insist that civil society is materially driven and self-interested (Cooley and Ron 2002) or even assists in an imperial agenda (Manji and O’Coill 2008).

A second disagreement is over the shape of global governance. Authors of the cosmopolitan school argue for the eventual dissolution of national governments or predict the rise of a global superstate (Korten 1998; Held 2004, 2006; cf. Nanz and Steffek 2004). Others argue for the enduring power and importance of states and institutions, including a role for states or international organizations in implementing the civil society agenda (Keck and Sikkink 1998; Risse 2000; Clark 2001). Again, a critical minority questions whether democratic global governance is even possible (Dahl 1999) and whether civil society is just a tool of the state (Raustiala 1997).

The definition of democracy forms another set of faults. Bexell, Tallberg, and Uhlin have observed that while normative democratic theory manifests a “trichotomy” of separate representative, participatory, and deliberative models, writers on global governance feel free to sample from and combine these strands (2008). Held’s vision of cosmopolitan democracy, for instance, mixes elements of all three models (Held 2006). Nanz and Steffek take a more purely deliberative approach (2004). An emphasis on participation is common among advocates for civil society participation in global governance (Payne 1996; Gryzbowski 2000), while others use accountability as a proxy for equal representation (Scholte 2004; cf. Nelson 1997).

Over this fractured ground is laid another set of complicating factors. Normative political theorists, many working on visions of cosmopolitan democracy, have created elaborate arguments for how civil society could or should be. Researchers with a more empirical bent have taken issue with the gap between civil society’s idealized behavior and current reality. At the same time, variations in approach among international relations, international political economy, development studies, and non-academic practitioners further complicate the problem.

### **A Standard for Evaluation**

As noted, this thesis uses research done in the context of the World Bank to contribute to the ongoing academic dialogue on civil society’s capacity to democratize global governance. Much of the broader dialogue focuses on civil society’s capacity to

democratize national or international systems. Thus a means of assessment based on democracy is both appropriate and widely applicable. Evaluating the literature on civil society, however, requires that one first define civil society in precise terms, and creating standards for evaluation requires defining democracy. Thus it is helpful to review this thesis' definitions of civil society and democracy.

### *Delimiting Civil Society*

In pursuing this analysis, it is helpful to distinguish between civil society and transnational civil society. In keeping with Chapter 1, I define civil society *as any formal or informal association of individuals which is involved in the creation, reform, or implementation of policies and norms, provided that the association is not primarily a part of a government or a governance institution, nor of a profit-making enterprise.* This definition thus includes professional NGOs, social movements, trade unions, faith groups, and foundations. It makes no distinction between 'civil' and 'uncivil' groups. It excludes government departments and corporations, but recognizes that some civil society organizations will engage and even act on behalf of the political and commercial sectors. The definition includes all nongovernment, noncommercial groups acting to impact or implement policy and norms. It thus includes both advocates and service providers.

Transnational civil society (sometimes referred to as international or global civil society) refers to those civil society actors who engage in activity beyond the borders of their own state, or whose domestic activities are linked to nongovernmental, noncommercial actors beyond their own state. Thus it includes international nongovernmental organizations headquartered in one country yet working in another; foundations funding overseas work; local civil society actors receiving international funding; global justice movements; and any civil society organization that is connected to a regional or international network. As noted previously, this thesis emphasizes formal organizations more than informal movements. However, insofar as the literature deals with both, both are considered in this chapter.

It is important to note that this chapter, and the remainder of this thesis, uses the term 'civil society' to refer both to civil society as a collective, theoretical entity, and to corporate groups of civil society organizations and individual civil society actors or coalitions. The reason is that this thesis aims for an empirical approach

whereby the theoretical ‘civil society’ is understood through the actions of real-world organizations. Real-world civil society is composed of organizations which may or may not act collectively; however, when a consistent trend or trait is manifested among a majority of individual actors, it impacts the behavior of the aggregate. Likewise, the same tests and standards which apply to the whole of civil society should also apply to the organizations of which it is composed.

### *Disaggregating Legitimacy*

Democracy, as used in this thesis, refers to a system of equal citizen authority expressed via some representative mechanism and resulting in government or institutional responsiveness to the will of the majority, but under which the government or institution is also constrained to protect the liberal rights of its citizens or stakeholders. The definition does not require that all citizens make use of their voice or actively participate, only that the mechanism of input (e.g. voting or otherwise) be equally accessible and provide for all participating voices to be equally valued. It also requires that the governance organization respond to the expressed will of the majority, and protect commonly recognized rights.

The democratic legitimacy of civil society is judged on the basis of its contributions to the democratic well-being of the persons impacts by its actions. That is, the democratic legitimacy of individual civil society organizations, and civil society as a whole, are judged based on whether they contribute to a system of equal citizen authority, majority rule, and government responsiveness or the protection of basic rights. Applying such a standard across multiple contexts is facilitated by dividing democratic legitimacy into several parts. In his forthcoming work on the democratic legitimacy of transnational actors, Uhlin (forthcoming) writes:

In order to organize the various concepts related to democratic legitimacy, I find it useful to distinguish between input legitimacy (the relationship between the actor and its constituencies or people affected by its activities), throughput legitimacy (the actual procedures for decision making within the actor), and output legitimacy (the consequences of the actor’s decisions and other activities).

The concepts of input and output derive from Scharpf, who uses them to discuss different roles played by popular will and benevolent policies in legitimating European

governance (Scharpf 1999 pp. 6-11). Uhlin adapts these standards to transnational actors but, borrowing from Dingwerth, adds the useful category of throughput legitimacy to assess those intermediary processes that help state and non-state actors channel citizen voices into actions and outcomes (Dingwerth 2007).

Each element of democratic legitimacy prompts distinct questions. In line with the definition of democracy outlined above, input legitimacy focuses on issues of representation and inclusion. It examines whether a state or nongovernmental actor is representative of its constituents or stakeholders, whether stakeholders have equal voice in formulating policy positions, and, particularly in the case of advocacy organizations, to what extent they advance the interests of those populations they claim to represent. Throughput legitimacy examines transparency, accountability, participation, and deliberation. It asks how actors promote participation and discussion, whether they are transparent, and how and to whom they are accountable. It may also investigate the associational power of civil society organizations and the ways in which, as per Putnam and others, relational connections strengthen democracy. Output legitimacy focuses on the consequences of actors' activities, such as changes in the policies or structures of the governing authority. It includes both the impacts of a successfully implemented policy and the ways in which activism can change the political system (cf. Uhlin forthcoming).

| <b>Input</b>   | <b>Throughput</b> | <b>Output</b>     |
|----------------|-------------------|-------------------|
| Representation | Transparency      | Policies/Impacts  |
| Inclusion      | Accountability    | Structural change |
|                | Deliberation      |                   |
|                | Participation     |                   |

*Table 1: The components of input, throughput, and output.*

Naturally, some of these elements of input, throughput, and output, and the specific questions they prompt, resonate more strongly with some definitions of democracy than with others. They also vary by context. Uhlin suggests that “forms of democratic legitimacy differ... between social, cultural, and political settings”. However, the focus of his work is on varieties of actors rather than varieties of

contexts so he does not elaborate on this point.<sup>3</sup> Furthermore, he elects not to operationalize his framework to make a critical evaluation of the literature. This chapter builds on his work by taking both of these steps.

### **Legitimacy and Context**

The implication of Uhlin's argument is that many of the apparent disagreements over the meaning of democracy in the civil society literature are, in fact, implicit debates over the type of legitimacy most relevant to civil society. His argument is significant insofar as it highlights the extent to which many authors fail to explicitly define democracy in their work and also fail to clearly associate desired behaviors or outcomes, including much-vaunted standards like accountability or participation, with a specific democratic theory. This chapter addresses these issues by developing a framework for contextual, role-based legitimacy that reveals how some seeming tensions in the literature actually result from an effort to apply the same standard of democratic legitimacy in disparate contexts. Thus it provides an analytical framework for organizing the literature relevant to this thesis in a way that emphasizes the literature's import for the study of democratic governance. The chapter also uses this framework to identify past weaknesses vis-à-vis the assessment of civil society's contributions to democratic global governance so that they can be avoided in this work and in future research.

The literature on civil society and democracy tends to describe civil society as though it operates in a single, global context. Some authors distinguish between national and international civil society, but these are frequently treated as equal parts of transnational networks. Although potential disparities between national and international actors are acknowledged (Keck and Sikkink 1998), their combined efforts are frequently treated as monolithic campaigns (see, for example, the cases in Fox and Brown 1998, or Clark, Fox, and Treacle 2003). Moreover, transnational campaigns to change the national policies or practices of a single country (for example, by stopping a dam or changing trade rules) are treated as equivalent to transnational efforts to create new global policies (for example, banning landmines or improving financial regulation). Finally, cases from specific national contexts, particularly the civil

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<sup>3</sup> Types of transnational actors Uhlin considers include corporations, civil society, political parties, philanthropic organizations, diaspora groups, and epistemic networks (i.e. networks of professionals defined by particular knowledge or expertise).

society-driven democratization of countries in Eastern Europe or Latin America or of South Africa, are used as models for the democratization of global governance (Bowden 2006; cf. Lipschutz 1992; cf. Walzer 1995).

I would argue that, with regard to democratic legitimacy, civil society actually operates in three different contexts. First, it operates in undemocratic states. In recent history this would include places like communist Eastern Europe or apartheid South Africa. Second, it operates in democratic states, i.e. states which have some measure of liberal democracy according to the standard used in this thesis, and which are acknowledged as democratic by their peers. Historically this includes the United States and Western Europe and, more recently, much of Central and South America, Southeast Asia, Russia, and parts of Africa. Finally, civil society can operate in the international realm, where it is often beyond the control of any one state or institution. This is the newest of civil society contexts, but arguably the most powerful. It includes civil society lobbying of the UN, World Bank, or WTO, the development or implementation of aid programs, and campaigns working to construct new international norms or regimes.

These contexts should inform and shape our understanding of ways in which civil society can contribute to democracy, with the multiplicity of contexts leading to a diversity of standards for democratic legitimacy. The democratic legitimacy of civil society is judged by its success in developing or facilitating democracy; for any individual organization to be democratically legitimate, it must be to enhance the democratic rights of the entire population it impacts. Assessing this requires gauging the interaction between the civil society organization and other structures (namely state governments or international institutions) which could or should grant enduring democratic rights and protections. These governments and institutions exist, they have impact, and, in many cases, they have better established democratic credentials than civil society. If civil society claims to enhance the democratic well-being of its stakeholders (by protecting their rights, giving voice to their concerns, monitoring government performance, etc.), then the roles and impacts of states and institutions must be taken into account. Insofar as the legitimacy and authority of these actors vary by context, so too will civil society's interactions with them.

This thesis uses the language of 'roles' to help categorize the requirements of a given context. Civil society can play four roles: it can act as a reformer, opposing a

state government or international institution; as an advocate for groups or interests within a given state; as an agent, working on behalf of a state or institutional actor; or as an authority, exercising autonomous power to create and enforce norms. Each of these roles defines the means by which civil society addresses the democratic needs of a particular setting, as determined by the presence or absence of other democratic structures. Therefore role, as used here, cannot be divorced from context.

The needs of each context lead to specific legitimacy requirements for civil society organizations operating therein. Meeting these requirements leads to particular types of behavior. Roles encompass both the standards of democratic legitimacy and the resulting behavior. However, it is important to emphasize that these roles are used in an analytical sense, to assess democratic legitimacy, not as abstract descriptions of civil society activities. The roles are simply short-hand for the requirements of context. Thus, this thesis does not label a civil society organization as a ‘reformer’ simply because it is working to change the system or as an ‘advocate’ because it claims to be representing a certain group or interest. Civil society actors which do not meet the democratic needs of a given context are not said, on the basis of their behavior, to be fulfilling an alternative role. Instead, I would describe them as failing to meet the democratic legitimacy standards of the current context.

### *The Four Roles*

To reiterate, for civil society to be democratically legitimate in any given situation, it must interact with other structures in a way that develops the democratic rights of its stakeholders. Each context presents one or two possible behaviors and a set of standards by which such behaviors may be judged. The behaviors and standards are summarized in the four roles.

In an undemocratic state, civil society establishes its democratic legitimacy by its efforts to reform or replace the existing regime. In this context, it must play the role of *reformer*.<sup>4</sup> It is important to note that efforts to create or enforce rights are commonly described as advocacy activities. By the standards of this thesis, however, such ‘advocacy’ has a unique purpose when practiced in an undemocratic context, insofar as it changes the system of government to make it more democratic via its

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<sup>4</sup> Bernhard’s writing regarding Eastern Europe had a similar view. He refers to civil society working against an undemocratic regime as “insurgent civil society” (1996 p. 312).

recognition of rights. Non-reformer activities, such as educating children or providing healthcare may certainly be judged legitimate by any number of moral or technical standards, but they do not provide democratic legitimacy. Providing services or advocating on behalf of specific interests can have little enduring effect on citizens' control over government without a wholesale change in the means of governing. Service provision may prop up an undemocratic state, even as it mitigates its impact on its citizens. Advocacy which does not push for reform may likewise legitimate the state. Even where it wins concessions, it is reliant on an undemocratic regime to maintain them. Instead, civil society must promote change in government, including the development of representative mechanisms and the recognition of basic rights.

In this context, civil society's legitimacy should be judged purely on outputs. On the one hand, representation, participation, or transparency are meaningless if national democracy is not established. Civil society organizations themselves might be internally democratic, but internal democracy will not itself succeed in obtaining democratic rights or protections for the country's citizens. On the other hand, if liberal democracy is established, new legal or constitutional standards will be developed to govern representation and protect rights. Thus civil society in this context (like the ANC in apartheid South Africa or Solidarity in Poland) does not necessarily need to manifest those standards within itself. Civil society is not the government; it is the means to establishing or reforming the government. Reformer civil society organizations are judged to be democratically legitimate when their efforts succeed in establishing a democratic state or otherwise yield clear steps forward in an incremental process of establishing citizen control over government.

When acting within a democratic state, civil society may play the role of *advocate*. Democratic rights are guaranteed by the state, and civil society can enhance the democratic rights of its citizens by monitoring or facilitating state processes.<sup>5</sup> It does this either by seeking to represent marginalized populations, ensuring that they are fully empowered within the political process, or by acting as a watchdog, ensuring that the government continues to function democratically and protect citizen's rights. In this role and context, civil society is judged on either input or throughput. When acting as a representative, civil society must be judged on both input and throughput.

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<sup>5</sup> Diamond describes these activities in detail. Anticipating the reformer-advocate distinction made here, he contrasts these democracy-enhancing activities with the oppositional posture which facilitated the national democratizations in the late 1980s and early 1990s (1994).

If civil society is claiming to speak on behalf of a given population, then its claims must be verifiable. This requires both representation and a measure of transparency and accountability. Without these things, civil society risks tipping the scales in favor of special or even imaginary interests or co-opting the causes of marginalized populations to achieve ends other than those desired by those populations. When acting as a watchdog, civil society must be judged based on its throughput. Civil society can and should support the practices of transparency, accountability, and deliberation which enhance democracy, but in order to legitimately enhance them, it must also model them, creating a standard for the behavior citizens should expect from their government. Civil society operating within the democratic state context is not judged on outputs. Democratic representation is already provided by the state and, in a majoritarian regime, sometimes civil society *should* lose, i.e. if it is representing an interest at odds with the will of the majority. The exception, of course, is when civil society is attempting to enforce and protect the recognized rights of a particular minority. However, even in this case civil society's legitimacy is not judged by its outputs, because civil society ultimately has no control over the state. When a good-faith effort (input and throughput legitimate) to protect minority rights fails, it reflects negatively on the democratic credentials of the state, but not on those of civil society.

In either the democratic national context or in the international arena, civil society may act on behalf of a state or institution. When acting on behalf of an established authority, civil society operates in the role of *agent*. Historically speaking, the agent role is a result of the neoliberal shift and 'hollowing out' of government observed in some Western (i.e. North American and European) states, whereby private actors were delegated responsibilities previously held by the state in the belief that such delegation would increase efficiency or diminish financial risk to the state. The role of civil society as an implementer of state policy, however, features heavily in some of the more critical literature on civil society (e.g. Ron and Cooley 2002; Manji and O'Coill 2008) and in realist perspectives. Separating out this role helps isolate these critiques and understand the relationship between policy implementation and policy or norm formation.

Many civil society organizations combine the agent role with other activities. For instance, religious organizations in the US may receive government funds to run homeless shelters and yet also act as advocates on behalf of the homeless.

Organizations like Oxfam and World Vision receive bilateral and multilateral funding for international development, yet are also powerful voices in debates on development policy. It is likely that taking on the role of agent either diminishes or magnifies an organization's capacity for advocacy or revolution, but in the interest of parsimony, the various roles will be treated discretely.

When operating as an agent, civil society must be judged by the democratic credentials of the state or institution on whose behalf it acts. If civil society acts on behalf of a democratic state, it may be considered democratic; if it acts on behalf of an undemocratic one, it may be considered undemocratic because of the type of regime it is supporting. It is important to note that this must be examined differently in the national and international realms. In a wholly domestic context, in which civil society is funded by the government on whose behalf it works, the principal-agent relationship is clear. Internationally, the situation is more complex. Civil society may be funded by one government, or a multilateral organization, for work in another polity. In this case, the will of the people in the polity in which the work is done must be considered, insofar as they will reap the benefits or suffer the consequences of civil society's action. Even in those instances in which civil society's intervention is approved by a local democratic government, one must also consider whether the local government truly desires the civil society services or whether those services have been forced upon it by more powerful states or organizations. (See Tvedt 2002 for a more detailed discussion of these issues.) Thus civil society acting as an agent may be considered democratically legitimate if it works under contract to a legitimate representative of the people impacted by its work, or if a majority of the people themselves approve that work (assuming this can somehow be determined). The choice of such a principal (including the alignment of interests between an external principal and the local will) may be considered a form of input. Therefore civil society acting as an agent is judged based on input legitimacy.

The first three roles occupied by civil society – reformer, advocacy, and agent – have been thoroughly examined in the literature. All three have been well researched within the national context, although the agent role has received more nuanced attention in public policy and development studies than in political science. In the international context, development studies has also extensively researched the role of civil society as agent (see, for example, Lewis and Wallace 2000; cf. Tvedt 2002). It is

tempting to assume that the observations made about civil society acting in these well-recognized roles and contexts transfers to civil society involvement in international policymaking. In reality, however, civil society involvement in international policymaking requires recognition of a new role.

When civil society engages in global policymaking (either in a *de jure* way through formal participation in international decision making or in a *de facto* way through the propagation of international norms), it is acting as an *authority*. As noted in the previous chapter, civil society's reach spans national boundaries, and transnational activism frequently results in the creation of international networks. Activists make broad claims of popular support. At the same time, the rise of global problems (like migration, terrorism, or climate change) has necessitated international collaboration to a degree unprecedented in political history. Technology has further facilitated multilateral collaboration, and international institutions like the UN, World Bank, and WTO have laid the framework for global governance. Populist claims of non-state actors, international communication, transnational problems, and global governance have all combined to challenge states' claims to act as the sole voice of their citizens in international fora.

At the same time, the research of the past decade has demonstrated that civil society has the power to change the international behavior of nation-states and institutions and to create new norms and regimes. Civil society has been credited with playing a significant role in expanding human rights standards and environmental norms, and even in nuclear disarmament (cf. Clark 2001; cf. Burgerman 2001; cf. Evangelista 1999). Civil society was the driving force behind debt forgiveness and the Ottawa Convention banning landmines (Barrett 2000; Anderson 2000). The transnational influence of civil society has given it greater agency or reach in the international realm than many states or institutions possess. It is not merely acting against them (in a reformer role) nor is it acting within them (as an advocate). Civil society may claim to occupy these roles and indeed often conducts itself as though it is a reformer or advocate. In truth, however, civil society has established itself as a new mechanism of citizen influence. It is a part of global governance. Thus civil society may be said to act as an authority.

Civil society's legitimacy when acting in this new role is determined by the international context. The global arena lacks clearly defined democratic protections

for its citizens. The possibility of structured representation has been proposed (Held 2006), and some authors contend that the European Union is a successful test case for the possibility of a cosmopolitan global government (Habermas 2003; Moravcsik 2004). Currently, however, no enforceable democratic rights exist for global politics. Thus, as a participant in global governance, civil society must be judged on the same criteria by which other international actors, i.e. states and institutions, are judged: whether they provide for equal representation, respond to citizen control, and protect fundamental rights. These are essentially questions of input and output. Thus, in this context civil society's legitimacy is judged on both input and output.

| Role             | Context                                  | <i>Requires:</i><br><b><u>Input</u></b> | <b><u>Throughput</u></b> | <b><u>Output</u></b> |
|------------------|--|---|--------------------------|----------------------|
| <b>Reformist</b> | Undemocratic state                       |   |                          | <b>X</b>             |
| <b>Advocate</b>  | Democratic state                         | <b>X</b>                                | <b>X</b>                 |                      |
| <b>Agent</b>     | Dem. or Undem. state<br>or International | <b>X</b>                                |                          |                      |
| <b>Authority</b> | International                            | <b>X</b>                                |                          | <b>X</b>             |

Table 2: Roles, context, and legitimacy criteria.

### Reconsidering the Literature

Using the combination of disaggregated democracy and contextual legitimacy, we can begin to organize the literature on civil society and global governance. This process will help identify where this thesis' findings fit into the current literature. When we group the works which examine civil society by their contexts, we also find strong similarities in their approaches. The similarities among context-equivalent writings supports the use of a context-based typology in establishing a broad framework for looking at the wider spectrum of civil society literature.

As noted, the role of civil society in national democratizations is frequently used to support predictions of civil society's democratization of global governance. According to the standards presented here, it is most appropriate to judge organizations involved in national democratizations based on their output legitimacy. In looking at the relevant literature, one indeed finds that much of the work on civil society and national democratizations reflects the output-oriented standards of the reformer role (for example, Bernhard 1993; Fatton 1995; Bernhard 1996; Kopecky and Mudde 2004;

Fioramotti 2005; cf. Calhoun 1994). Such literature describes undemocratic regimes and judges civil society, usually positively, for its role in contesting them.

The context-based framework suggests that writing on advocacy and interest groups and their roles in the democratic process should reflect the input and throughput standards of the advocacy role. Again, much of it does (see, for example, Sabatier and Jenkins-Smith 1993; Diamond 1994; Berry 1999; cf. Berman 1997). The context and rationale of the advocacy role explains why this literature focuses on the behavior of organizations or coalitions, and their mechanisms of influence.

Studies of NGOs as implementers of state policy come under the agent role. Here we find much of the development studies literature (e.g. Clark 1991; Lewis 2005; Murphy 2005; Atkinson 2007). The input legitimacy criteria of this category are reflected in the emphasis of much of this literature on principal-agent relationships and the impacts of foreign intervention on local representation and autonomy.

In short, this thesis finds that despite the seeming jumble of civil society literature and the numerous fault-lines identified, the literature is not as self-contradictory as originally anticipated. When viewed through the lens of role and context, deviations between writings take place on rational theoretical grounds. This pattern vindicates the use of context, role, and the disaggregated components of legitimacy in judging civil society's democratic credentials. It also highlights the potential pitfalls of combining literature from different sub-genres without adequate recognition of their varying approaches. More generally, by identifying different perspectives on civil society and its impacts, these findings set the stage for an orderly critique of the existing literature as it pertains to transnational civil society's impacts on global governance.

### **Two Critiques of Existing Theories**

Although the primary purpose of this thesis is to engage with existing theory through the generation of new empirical data, the standards of legitimacy presented here also allow this thesis to make some theory-driven critiques of the literature. In particular, the four-role parsing suggests that there are two flaws that occur in some of the literature on transnational civil society actors and their role in global governance. One is the failure to recognize the significance of the international context, which results in treating the global policymaking (i.e. the authority role) as though it is taking place

within an established state. The other is treating local policymaking (i.e. international civil society intervention in local political affairs) as though it is taking place within the global context. This section will describe these potential shortcomings in greater detail. These critiques can then be tested, along with the rest of the literature, using the data generated in the thesis.

### *Transnational Policymaking*

Two problems are particularly common when examining transnational civil society involvement in international policy or norm formation, both of which revolve around misidentifying civil society's legitimate role. The first is to treat civil society actors as though they are reformers. This attitude is particularly common among practitioners, who are prone to interpreting the unwillingness of some global institutions to accede to civil society demands as 'evidence' for a democratic deficit at those institutions (see, for example, Rich 1994; Udall 1998). Adherents to this view frequently push for the elimination of international governance mechanisms (as in the 50 Years is Enough Campaign,<sup>6</sup> see also Korten 1998), or for them to be reformed in a way that gives greater voice and authority to civil society. Civil society is legitimated by its opposition to the perceived injustices of the current international system. The emphasis is thus primarily on outputs, i.e. on how much change civil society can force on the current order. Representative inputs are largely assumed.

The alternative error is to judge civil society as though it is acting as an advocate, occupying that role as it does within established democratic states. This perspective is more common among academics (Keck and Sikkink 1998; Risse 2000; Keck 2004; cf. Clark 2008). This attitude presupposes that civil society activism is legitimate as long as it is supporting someone or something. The emphasis thus is primarily on inputs, on civil society's ties to its constituents, clients, or ideas. Throughput is sometimes suggested as an additional measure of legitimacy, usually in the form of transparency or accountability. However, it is not clear that such throughput mechanisms always make civil society organizations more responsive to the people whom they impact.

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<sup>6</sup> 50 Years is Enough is a loose coalition of civil society organizations calling for the abolition or reform of the World Bank and IMF. See [www.50years.org](http://www.50years.org).

Both of these approaches ignore the consequences of the absence of a democratic, global superstate. In the absence of a global state (and without any realistic, near-term hope of creating such a state), reformer or advocacy behaviors do little to enhance the democratic rights of citizens. As Bowden writes, quoting Hegel, when civil society exists without the state “the interest of individuals as such becomes the ultimate end of their association” (2006 p. 163). Civil society can act as an effective interest advocate, but there is no state association which can subject individuals to the concerns of others who do not share their interests or needs. Similarly, there is no mechanism capable of enforcing democratic representation, nor any superior authority capable of protecting the rights of those stakeholders without a powerful interest group of their own. Walzer writes regarding the synergies between the state and civil society:

[A]cross the entire range of association, individual men and women need to be protected against the power of officials, employers, experts, party bosses, factory foremen, priests, parents, and patrons; and small and weak groups need to be protected against large and powerful ones. For civil society, left to itself, generates radically unequal power relationships. (1995 p. 23)

This is indeed the problem with civil society in the global context: it is civil society largely left to itself. Whereas civil society may be regulated and counterbalanced within the confines of any given polity, transnational civil society transcends the authority of any state or supranational institution. Because of its power in this context, civil society is a de facto authority and must be judged based on its fulfillment of this role. (Alternatively, it can subject itself to a democratically legitimate authority and act as an agent.) Removing or reforming existing institutions (often in a way that gives civil society more power within them), only exacerbates the problems of the supranational context.

Acting as an advocate makes use of the situation without mitigating it, exploiting the absence of a superstate to advance civil society’s own agenda. Civil society as an advocate may be accountable to those whom it claims to represent, but unless it is accountable to everyone whom it impacts the situation can easily facilitate tyranny and the abuse of power. The result is a situation in which those who “shout the loudest” win (Held 2006 p. 307). Neither reformer nor advocacy behavior can be

democratically legitimate in this context. Judging transnational civil society as though it is occupying a reformer or advocacy role only serves to rationalize democratically illegitimate behavior.

For civil society to be democratically legitimate in the transnational context, it must rise to the standards to which states and institutions are held. Cosmopolitan theorists seem to have gone furthest in recognizing this problem. Held's acknowledgement that a true cosmopolitan democracy will require representative political structures is informative (2006 pp. 303-11). Insofar as civil society itself is part of global governance, civil society in the aggregate must seek to represent all stakeholders in any given policy, not just those to which the organizations within it are most closely tied, and to achieve outcomes that reflect the will of the majority while protecting liberal rights. Only in those cases in which civil society organizations, campaigns, or global movements seek to determine and enforce majority rule and the protection of acknowledged rights can civil society's involvement in transnational policymaking be said to be democratically legitimate. Any analysis of the democratic legitimacy of civil society in the transnational context that does not recognize and grapple with the fundamental problem of statelessness is critically flawed.

### *Interventions in Local Settings*

The context-based standard of legitimacy also suggests that one must be cautious when writing about the interventions of transnational civil society in the domestic policies of a democratic nation. Examples of such intervention abound. International NGOs or movements may apply direct pressure to a national government (via publicity campaigns, boycotts, lobbying, etc.). International actors may also apply pressure indirectly, for example by pushing donors to make aid funding conditional on specific policy change. Foundations or international NGOs may initiate 'grassroots' campaigns, establishing and staffing local offices, or fund existing indigenous movements. Such domestic interventions are a key means by which transnational civil society actors or networks have impact.

Unfortunately, much of the writing on transnational advocacy has failed to delineate between such domestic intervention and transnational civil society involvement in international policymaking. There are several reasons the two have been conflated. First, the majority of transnational civil society campaigns over the

last 30 years have focused on problems and policies in the developing world. In developing nations, national decisions frequently involve some international component because many domestic policies or programs rely on international funding. Thus a decision by Brazil to build a rail line or an undertaking in Niger to prioritize primary-school education can easily be depicted as an externally driven World Bank project (or an EU program or an IMF policy), rather than as a national decision. Second, the process of global norm formation can take place on both the national and international levels. Transnational activists may promote an international norm of condemning torture or protecting children's rights, and then seek to have that norm applied to individual states. Its adoption by successive states, in turn, helps establish it as a global norm. Third, during the initial development of modern transnational civil society in the 1980s and early 1990s, the majority of the world's population did not live in democratic states. Ignoring the role of the local state was easy because many states were perceived as illegitimate. Undemocratic states and undemocratic international institutions were easily tarred with the same brush, dismissed as mere obstacles in the pursuit of 'good' or 'democratic' policy.

The most significant change of the last ten years with regards to this trend is that the majority of the world's citizens now live in recognized democracies. This evolution has permitted more governments to function as the legitimate representatives of their citizens and has created an environment in which local civil society can fulfill the advocacy role with its functions of watchdog and representative. As two civil society leaders from the global South have written:

The new political context that has emerged, marked by democracy and citizen participation, has increasingly led to more collaborative modes of relating [to government]. It is civil society's participation in political life, in that realm of public life in which societal decisions are made and carried out, that provides the conditions for sustainable development. (Naidoo and Tandon 1999 p. 9)

In such a context, it is imperative that academics and practitioners draw careful lines between national and international policies. For instance, it is helpful to distinguish between 'World Bank' projects like the Narmada Dam that are actually planned by national governments before the intervention of the World Bank, and undertakings like structural adjustment that are largely international creations. Likewise, one must

distinguish between when civil society is developing an international norm that is widely accepted within national democracies, and when civil society is seeking to use international politics to impose the will of a well-resourced minority on weak states. An example of the former would be developing an international norm against torture and imposing it on Indonesia (see, for example, Risse 2000). An example of the latter would be when US-based environmentalists seek to direct development funds for Brazil towards decreasing energy consumption rather than building more power plants (see Rich 1994). The latter 'norm' is not democratic because it seeks to impose via fiduciary fiat a policy that would ordinarily be the subject of public debate in a developed, democratic nation.

When transnational civil society is interacting with an internationally created project or policy, it occupies the authority role described earlier and is subject to the legitimacy tests described in the preceding section. However, when transnational civil society is seeking to influence a domestic policy, it must be judged by those standards which are applied to national civil society. Essentially it can act in either the reformer or advocate role and its legitimacy must be assessed accordingly.

It is tempting to treat transnational networks or global social movements as though they are above such considerations or as though their large international following is an automatic source of legitimacy. Yet the nonlocal members of such campaigns are neither subject to the local polity nor part of the demos it governs. To allow such international voices to overwhelm local democratic procedures is to give the members of international organizations or movements power on par with that of local citizens despite the fact that these global citizens have no allegiance to the country they are impacting and are unlikely to bear the immediate consequences of the plan they impose. International organizations or movements should not be presumed to be legitimate simply because they are large.

Instead, as per the reformer and advocacy roles discussed earlier, the legitimacy of transnational civil society intervention in local affairs must be judged by the degree to which it contributes to sustainable, national democracy. Global civil society, at risk of being tautological, is not local. When the international network leaves a dam cancellation fight in India to protest a dam in Pakistan, or completes a forest protection plan in Indonesia and moves to fight resettlement in China, it leaves the local citizens behind. It is unable to offer them long-term democratic protections.

If it does not contribute to the democratic functioning of the national state, then it has had no long-term impact on the democratic well-being of local citizens. It may have helped some of them win a particular battle, but it has done nothing to win the proverbial war. If the international intervention has promoted special interests (e.g. minority rights or environmental protections) at the expense of majority rule, the situation is even worse. In such a case, global activists may have actually undermined the function or legitimacy of the national regime responsible for ensuring most day-to-day democratic rights of local citizens. Granted, an exception may be made if an international campaign intervenes to protect minority rights against a tyrannical majority. In this sense it is supporting the 'liberal' portion of the definition of liberal democracy outlined earlier, provided that the rights supported rise to the level of internationally recognized liberal norms. However, if civil society merely swaps an overweening local majority for an overweening global movement, it has done little to support long-term, sustainable democracy. To be democratically legitimate, civil society must either work within (and by the rules of) any existing local democratic system, or seek to replace an undemocratic system with a democratic one.

## **Conclusion**

This chapter finds that the literature on transnational civil society and the democratization of global governance can be ordered by dividing democracy into its input, throughput, and output components and creating context-specific standards of democratic legitimacy. Adapting a context-based standard of assessment and using it to organize the literature helps highlight the similarities in perspective among authors working in similar contexts, clarifying the literature on civil society and democratization. At the same time, the context-based framework reveals the difficulty of applying to transnational civil society engaged in global policy processes analytical standards developed in other contexts.

The contextual legitimacy framework has several implications for the core question of this thesis: whether transnational civil society's impact on policymaking at the World Bank supports the idea that civil society can democratize global governance. First and foremost, the context and legitimacy framework presents a means of evaluating civil society's impact on democratizing governance at the World Bank. As noted in the introduction to thesis, there are multiple means of evaluating civil

society's democratizing potential (or the lack thereof). This chapter establishes the standards that will be used in this thesis.

Civil society organizations engaging with the World Bank on transnational policymaking are generally operating in the authority role. As such, their impacts are judged based on their input and output. In order to be democratically legitimate, civil society must enhance stakeholder input, through improving either representation or inclusion, or both. Ideally civil society will represent stakeholders in an inclusive fashion and facilitate equal voice for all stakeholders in international policymaking. Civil society must also improve democratic outputs. Although it is impossible to know whether any particular policy output is representative of a majority of stakeholders, outputs should reflect the stated interests of at least some group of stakeholders or otherwise increase citizen control over policymaking at the institution. The thesis will apply this standard in the three following case studies.

The authority standard is reflected in many of the sub-questions posed by this thesis. For instance, examining how civil society organizations interact with one another will help determine whether some organizations or views are routinely excluded from advocacy initiatives. In examining how civil society organizations choose their policy positions, the thesis will explore whether policy-setting arises from grassroots stakeholders or is constructed in a top-down fashion. It will also examine whether some stakeholders have more influence than others. Exploring civil society's mechanisms of influence allows the thesis to examine whether those mechanisms of influence are equally accessible to all stakeholders.

In considering civil society's impacts, the thesis will examine whether civil society has been effective in creating new policy and whether specific changes in policy have increased the opportunities for future stakeholder input. This will be examined both with regards to future input via civil society and future input by developing country governments. In this way the thesis will assess whether civil society has created outputs reflecting the stated interests of least some stakeholders and facilitated increased citizen control over international policymaking.

It is important to note that transnational civil society engaging with the World Bank can also impact national policies, particularly when civil society organizations target Bank lending to a single country on the basis of particular objections about that country's proposed use of the funds. This is observed in the case of the Arun III dam,

the second case study examined in this thesis. In this case, civil society organizations simultaneously sought to create a precedent for the successful use of the World Bank Inspection Panel and obstruct a loan to Nepal because of specific objections to Nepal's development strategy. The former effort is clearly one of transnational policy and its impacts will be evaluated on the basis of input and output. The latter aspect of the effort, however, reflects an intervention in the national policy of a recognized democracy (as Nepal was at the time) and will be evaluated using the advocacy framework of input and throughput.

Second, the data presented in this chapter set the stage for much of this thesis' engagement with the existing literature on civil society and global governance. This chapter illustrates the body of literature this thesis considers relevant for its research, although the chapter is illustrative, not comprehensive. It identifies common themes in the literature, including arguments for civil society's democratizing potential and critiques of civil society. The thesis will examine how its findings in subsequent chapters reinforce or contradict the understandings in the literature.

It is important to note that although this thesis uses the authority standard to judge civil society's impact in the context of the World Bank, this thesis does not engage exclusively with other literature employing this standard. As noted, the authority role requires both input and output legitimacy. Even authors writing about civil society in other contexts, where it acts as a reformer, agent, or advocate, make comments about civil society's democratic input and output. This thesis will continue to engage with those observations. The thesis can also engage critically with writing on civil society in the global context that uses standards other than the one elaborated here. Thus the thesis will continue to interact broadly with the literature on civil society and the democratization of global governance.

Finally, this chapter begins the critical engagement with the literature by identifying two potential flaws in some of the existing work on civil society and global governance. In particular, this chapter hypothesizes that it is inappropriate to judge civil society organizations by their democratic throughput when they are operating in an authority role in an international context. The framework presented in this chapter suggests that even civil society organizations that enhance democratic throughput can actually inhibit democratization if they lack input and output legitimacy. Moreover, this chapter hypothesizes that civil society interventions in national settings must

enhance local democratic processes. When engaging in a democratic state, civil society must be judged on its input and throughput legitimacy; otherwise civil society risks undermining the local democratic system. Both of these hypotheses will be tested in the coming chapters. If they are substantiated by the data about the World Bank, then these hypotheses will form a part of this thesis' interaction with the existing theories on transnational civil society and the democratization of global governance.

## Chapter 3

### **Beating the Bank: Civil Society and the 10<sup>th</sup> IDA**

What makes the 10<sup>th</sup> IDA significant is not merely its level of impact, but also the way in which a wide variety of groups and agendas converged to focus on a single aspect of Bank funding. As transnational civil society has evolved over the past thirty years, significant subsets of organizations have readily turned their attention to the World Bank. The Bank has a large policy footprint, and organizations have sought to influence the Bank in areas where its policies impact their activities or objectives. Service delivery organizations like Oxfam and Care have engaged with the Bank on development policy.<sup>1</sup> Advocacy groups like the Sierra Club and the Environmental Defense Fund have targeted the Bank's environmental and human impacts. Faith-based organizations like the US Catholic Conference of Bishops and the World Development Movement have sought to integrate social justice into Bank lending. Thus, understanding the synergies and conflicts which developed during the 10<sup>th</sup> IDA requires an examination of the history and agendas of the various actors seeking to impact the replenishment, as well as the events of the replenishment itself.

This chapter will begin by outlining the relevant trends in civil society activism in the decade preceding the 10<sup>th</sup> IDA negotiations. It will then describe the events of the 10<sup>th</sup> IDA replenishment, beginning with the initial broad coalition formed among civil society actors and then detailing the coalition's demise and the eventual outcome of the negotiations. The chapter will conclude with analysis demonstrating why the 10<sup>th</sup> IDA might be considered the first truly global civil society engagement with the Bank and how specific features of the campaign will facilitate this thesis' examination of civil society's impact on the World Bank.

#### **1980-1990: The Origins of World Bank – Civil Society Engagement**

In the decade preceding the IDA-10, civil society engaged with the World Bank through a combination of formal and informal dialogues, lobbying via member

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<sup>1</sup> Some organizations, such as Oxfam and World Vision, that have historically engaged primarily in service delivery also now engage in advocacy activities.

governments, and public advocacy campaigns. Engagement focused on two main themes: improving the Bank's development impacts and reducing its negative environmental effects. The development agenda focused on defining the Bank's mission more closely as one of poverty alleviation and pushing the Bank to mitigate the negative impacts some of its economic development practices had on the poor. It included many of the signature issues of the nascent international social justice movement, causes like debt relief and the reform of structural adjustment. The environmental agenda began with a series of campaigns against several Bank projects with well-documented, highly negative effects on both people and the environment. This soon evolved into an effort to promote more systematic policy reform within the Bank and to force greater accountability on key decision-makers. While the development agenda was promoted primarily by service delivery and social justice groups and the environmental agenda was advanced mainly by environmental groups, this was not exclusively the case. Individuals and organizations moved between the two strands as they identified causes of interest to their leadership or members.

### *Improving Development Impacts*

The development agenda included an interesting mix of 'do better' and 'don't do' items which combined to stress the Bank's responsibility to improve the lives of people in developing nations. Nonetheless, the idea that the Bank should focus on poverty alleviation was not new. It was originally advanced by Robert McNamara during his tenure as Bank president (Kapur, Lewis, and Webb 1997 p. 374). A change in leadership, plus the commodities crises of the early 1980s, saw much of this focus lost. Nonetheless, a number of outside groups continued to press the Bank to make good on what they saw as its potential to be a poverty-fighting institution. They pushed the Bank to improve development via popular participation, forgive loans that had been made to previous corrupt governments in now-reformed states, revise its approach to structural adjustment, and use new sociological research to develop poverty-targeted interventions.

Initially some of this pressure was exerted in a somewhat collegial fashion. A pattern of *ad hoc* collaboration between the World Bank and nongovernmental organizations on development projects led, in 1981, to the creation of the NGO-World Bank Committee. The Committee, composed of a rotating group of NGO representatives and senior members of Bank staff, discussed possible areas for

potential collaboration and, in some instances, NGO reactions to Bank policy (Shihata 1991 pp. 239-241). Tensions over funding, however, disrupted this collegial atmosphere. In 1981, the newly elected Reagan administration sought to unilaterally reduce the US contribution to IDA-6 to 23 percent rather than contribute the 31 percent which had been negotiated by the Carter administration. Although State Department pressure stymied this move, the administration succeeded in stretching the period of US disbursement from three years to four (Gwin 1994 pp. 38-9). Then, in 1984, during negotiations for the seventh replenishment of funds for the International Development Association (IDA-7), the Reagan administration pushed to cut the total value of IDA funding from \$16 billion to \$9 billion *and* to contribute only 25 percent of the new total (Kapur et al. 1997 pp. 1143-4; see also Gwin 1994).

The Bank compromised. It replenished IDA at the levels and percentages dictated by the US, but it also created a Special Facility for Africa into which other donors, who insisted on giving at their IDA-6 levels, could direct their surplus funds (Kapur et al. 1997 pp. 1143-4). Certain staff within the Bank, however, believed that NGOs could form a useful bulwark against such national caprice. They began reaching out more aggressively towards NGOs and pressuring NGO allies to act as advocates on the Bank's behalf. According to a source familiar with these events, Bank staff debated whether the role of NGOs was to assist the Bank as partners in development or to protect the Bank from political interference.

In this climate members of the NGO-World Bank Committee sought to exert their independence from the Bank. In 1984 they established the NGO Working Group on the World Bank (NGOWG) to facilitate dialogue among the Committee's NGO members on issues of policy and advocacy. The NGOWG then used the Committee meetings to engage the Bank on issues of policy reform (Long 2001 p. 3). Development and justice NGOs outside the NGOWG also began engaging with the Bank via informal dialogues with Bank staff and, in at least one case, an organized letter-writing campaign (Mitchell 1991).

Popular participation: The NGO Working Group was one of the driving forces behind the civil society campaign for improved popular participation. Popular participation focused on engaging stakeholder populations in dialogue and debate

about the conditions and decisions affecting their well-being.<sup>2</sup> Techniques formalizing such practices grew out of a variety of political and cultural circumstances, including the Latin American liberation movements of the 1960s and 1970s (see, for example, Freire 1970; cf. Cleaver 1999). By the late 1970s, however, participation was being mainstreamed as a development tool. In 1979, it was featured at the UN Food and Agriculture Organization's World Conference on Agriculture and Rural Development, giving the concept widespread attention. Professional development organizations in the global north, including both voluntary organizations and government agencies, promoted the concept. NGO pressure helped advance participatory practices at the World Bank, and by 1985 the Bank's Operations and Evaluations Department (OED) had issued a report documenting the link between popular participation and the sustainability of Bank projects (Long 2001 pp. 1-8). The OED was not a particularly powerful department within the Bank (see Wade 1997), but the idea eventually gained traction. By 1990 the Bank had incorporated popular participation into the operational directives governing some of its social safeguards, but civil society organizations (CSOs) continued to push to have stakeholders more broadly involved in Bank decision making, especially project planning (Shihata 1991).

Debt relief: Concerns regarding the level of debt in Bank borrower countries became prominent in the early 1980s. Debt to the World Bank had been steadily accumulating for nearly two decades and in the early 1980s it finally reached the point where certain countries suffered from negative aid flows, i.e. the amount they repaid to the Bank each year exceeded the value of new loans received (Rich 1991 pp. 109-10). Civil society organizations like Britain's World Development Movement, an advocacy group funded almost entirely by church members, began monitoring the issue. By the late 1980s WDM and other faith-based groups were lobbying the Bank to give IDA funds as grants rather than as loans that would need to be repaid (Mitchell 1991 p. 155). The US government also acknowledged that the debt itself might be a drag on development and began to pressure both the World Bank and International Monetary

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<sup>2</sup> Popular participation was initially intertwined with engagement with formal NGOs. The United Nations Development Programme, for instance, defined participation as dialogue with NGOs for much of the 1980s (Howell and Pearce 2001 pp. 97-8). However, the concept as used by the World Bank and the NGO Working Group referred to engagement with grassroots stakeholders, especially project-affected people, which could occur through civil society organizations (church groups, agricultural collectives, etc.) or *ad hoc* meetings. For the sake of clarity, I am here referring only to the evolution of this latter, more populist conception of participation. This is the usage most germane to the actors discussed in this chapter, and it has also been the more widely accepted definition since the mid-1990s (cf. Howell and Pearce 2001 p. 98).

Fund to contemplate measures to reduce debt or mitigate its impacts (Gwin 1994 pp. 42-5). The Bank, however, was slow to develop a comprehensive approach to debt reduction.

Structural adjustment lending: The early 1980s also yielded a World Bank program that would, rightly or wrongly, become one of the most notorious of the next two decades: structural adjustment lending. In the early 1980s a sharp decline in the world prices of many of the commodities, like copper and coffee, exported from developing nations led to significant budget shortfalls for the governments of those countries. The crisis was widespread and potentially persistent. To remedy it, the World Bank developed a system of Structural Adjustment Lending (SAL). Structural adjustment provided immediate financial relief in the form of new loans, but required that the government receiving the money reorganize government finances to bring expenditures into line with its new, reduced revenues. In theory, SAL would lead to greater efficiency, less bureaucracy, and reduced military expenditures. In reality, governments slashed social services, reducing access to medical care, education, and agricultural support. Structural adjustment lending also coincided with a decision by the US Reagan administration to use Bank lending to advance the administration's liberal economic philosophy. It saw structural adjustment lending "as an important way to advance market-oriented reforms" (Gwin 1994 p. 40; see also Manji and Coill 2008). This often meant that structural adjustment loans came with attached conditions mandating changes like the privatization of government-owned industries and the elimination of trade barriers. These rapid changes caused additional resentment and upheaval in recipient countries.

Not long after its implementation, adjustment began attracting critics. In borrowing countries, specific adjustment policies were sometimes met with forceful, even violent, grassroots opposition. Opponents in donor nations linked adjustment with a concurrent decline in the health and living standards of poor populations, especially poor children, in the developing world. Advocates from Oxfam and the World Development Movement (WDM) in particular pushed for a reconsideration of adjustment lending (Jolly 1991). Their concerns received substantial support when UNICEF published its own report, *Adjustment with a Human Face*, challenging adjustment practices (cf. Cornia et al. 1987). The report, published in 1987, helped catalyze activism among development organizations, which pushed for the World Bank and the International Monetary Fund to reduce the frequency with which they

employed structural adjustment lending and to restructure their lending to mitigate the potential human impacts of government cutbacks.<sup>3</sup>

Poverty-targeted interventions: The idea that the World Bank and other development agencies should address poverty by attacking its key components, such as illiteracy, poor nutrition, or infant mortality, is currently a widely accepted idea. Objectives of these sorts, for instance, are embodied in the Millennium Development Goals. For nearly half of the World Bank's history, however, such objectives were entirely absent. The problem was in part the Bank's structure and ethos, which mirrored commercial lending institutions. Loan proposals were usually judged based on their macroeconomic impacts, rather than their effects on micro-level development issues. An additional problem, however, was the lack of reliable metrics. For much of the Bank's history, the core components of poverty had yet to be defined using the sort of quantified measurements the Bank could address or which would be appealing to the economists who dominated the Bank's staff.

This lack of metrics was remedied in the late 1970s through the work of Jim Grant, then head of the Overseas Development Council (ODC), a Washington-based think-tank. The ODC developed the Physical Quality of Life Index (PQLI), a composite measure of poverty and a forerunner to the Human Development Index (see Morris 1980). According to the former head of an NGO involved in these issues, Grant used public forums to argue that Gross National Product (GNP), the most popular measure of economic health at the time, was not the best means for measuring the well-being of a country's population. He successfully advocated for the adoption of the PQLI by the US Agency for International Development (USAID) and attracted the attention of the Carter administration.

Through Carter's influence, Grant was appointed head of UNICEF in 1980. At UNICEF Grant decided to focus on infant mortality. To attract political attention to the subject, he again used specific metrics, developing numeric targets for reductions in infant mortality.<sup>4</sup> He also collaborated with the US-based advocacy group RESULTS, which worked to increase public awareness of the child deaths in

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<sup>3</sup> This account is also verified by a source at the World Bank.

<sup>4</sup> UNICEF "Jim P. Grant Biography" at UNICEF.org: [www.unicef.org](http://www.unicef.org) [http://www.unicef.org/about/who/index\\_bio\\_grant.html](http://www.unicef.org/about/who/index_bio_grant.html). Accessed 30 September 2008. This account also confirmed by an interview source familiar with these events.

developing countries caused by preventable illnesses.<sup>5</sup> In the late 1980s, RESULTS drew in the UK-based WDM to work with UNICEF on a world conference on child survival, which was finally held in 1990 as the World Summit for Children.<sup>6</sup> Staff at Bread for the World who had previously worked with WDM also became involved, helping to shape Bread's agenda of poverty advocacy, and complementing the work of RESULTS and WDM. According to an informant involved in this process, the three NGOs represented some of the most significant development advocacy forces in the US and UK at the time and their work, along with that of UNICEF, helped move poverty-targeted interventions (PTIs) into the political mainstream.

### *Preventing Environmental Disasters*

Environmentalists' focus on the World Bank began in the early 1980s. During the 1970s, environmental activists from American groups like the Sierra Club, the Environmental Defense Fund, and the Environmental Policy Institute (which would later merge with Friends of the Earth US) had achieved a number of successes in the US. They had fought for conservation, new legal protections for the environment, and, especially in the later 1970s and early 1980s, the enforcement of federal environmental laws against corporations (Wade 1997).<sup>7</sup> A number of civil society organizations, like the World Wildlife Fund and Sahabat Alam Malaysia, were already addressing international environmental issues (Keck and Sikkink 1998 pp. 125, 130-1). However, it was small group of American activists who would force the environmental issue on the World Bank.

In 1983 Barbara Bramble from the National Wildlife Federation (NWF), Brent Blackwelder from the Environmental Policy Institute (EPI), and Bruce Rich, then at the National Resources Defense Council (NRDC) but later with the Environmental Defense Fund (EDF), began working together on an international environmental campaign. Their goal was to create an international regime of environmental regulation mirroring the legal structures their organizations had used so effectively in court battles in the US. They chose the World Bank as the target of their campaign not because it was the worst environmental offender but rather because of its prominent

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<sup>5</sup> Sam Daley-Harris, "Imagine: A Nation that Cares for Itself, and for All Humanity" at RESULTS.org: <http://www.results.org/website/article.asp?id=31>. Accessed 30 September 2008.

<sup>6</sup> UNICEF, *op. cit.*

<sup>7</sup> Wade's account was also verified for this thesis by from two environmental staffers active during this period.

role and wide recognition in world affairs. A victory against the Bank, they believed, would lead to other victories elsewhere (Wade 1997).

Once Bruce Rich moved to EDF in 1985, EDF, NWF, and EPI (later Friends of the Earth US, or FoE)<sup>8</sup> formed the core of the new environmental campaign. According to a informant involved in the campaign, civil society organizations from Germany, the Netherlands, England, Brazil, Malaysia, and Japan were also involved. A source at NWF noted that the organization helped fund the involvement of Japanese environmental organizations. The organizations involved linked issues of environmental preservation to human suffering, for example by highlighting the ways in which poorly planned dam projects could spread waterborne disease or agricultural resettlement projects could lead to massive human rights abuses.<sup>9</sup> Emphasizing the human element expanded their popular appeal.

According to two senior NGO sources who had worked on Bank issues in the 1980s and 1990s, some environmental activists eschewed the NGO-World Bank Committee and the NGOWG. They believed that the Committee was little more than window-dressing for the Bank and that the NGOWG was more concerned with continued aid funding than reform.<sup>10</sup> Instead, the environmentalists took a more adversarial approach. They began their work with an effort to expose the impacts of the worst World Bank projects and force their cancellation. Later they promoted the creation of new social and environmental safeguards at the Bank, including the creation of the Bank's Environmental Department. Finally, they sought ways to develop enforcement mechanisms that could help hold the Bank accountable to its environmental commitments.

Exposing problem projects: The group's first move was to request hearings in the US Congress on the World Bank. These were held in June of 1983. The groups used the hearings to publicize the impacts of a series of World Bank projects, including a cattle ranching project in Botswana, an irrigation and hydroelectric dam project on the Narmada River in India, the Polonoroeste project in Brazil, and the Indonesian Transmigration Project, the latter two of which involved resettling poor citizens in less populated areas of the recipient country. These hearings generated

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<sup>8</sup> Friends of the Earth has 76 member groups internationally. However, all references to Friends of the Earth or FoE in this thesis refer to Friends of the Earth US.

<sup>9</sup> Interview source at Friends of the Earth US.

<sup>10</sup> One source was from a major environmental group which eschewed the committee; the other was from a development and justice NGO which joined the committee.

enough publicity and Congressional pressure that the Bank was forced to respond with statements to Congress (Wade 1997 pp. 659-60). Follow-up hearings were held in 1984 and resulted in a series of Congressional resolutions calling for change at the Bank (Rich 1994 p. 119). Because Congress lacked direct authority over the Bank, the resolutions were not directly binding on the institution. Nonetheless, environmentalists viewed them as a crucial breakthrough (see Rich 1994). Activists continued their pressure on the Bank with the pamphlet *Bankrolling Disasters*, co-written by EPI and published by the Sierra Club, a large, membership-based US environmental organization which had been involved in policymaking for decades. The pamphlet featured the same four projects (Keck and Sikkink 1998).<sup>11</sup> The pamphlet, published in 1986, was subtitled *The Citizen's Guide to the World Bank and the Regional Development Banks* and was designed to facilitate the involvement of grassroots activists in protest against the banks. Through the Sierra Club's ties to the UN Environmental Program, the pamphlet was distributed worldwide.

Polonoroeste soon became the focal point of the environmental campaign. The project financed the paving of a highway into the sparsely populated Amazon rainforest in northwestern Brazil, and provided funding for social infrastructure for new farmers moving to the area. Colonization was already occurring in the territory and the Bank saw its intervention as a means of rationalizing development that was potentially out of control. In actuality, the road construction drastically increased the flow of settlers into the region.

Opponents of the project emphasized both its environmental and human impacts. Farmers and cattle ranchers destroyed swaths of rainforest as they cleared land for their operations and the pace of commercial logging increased. The resulting deforestation provided dramatic images and raised concerns about rainforest preservation. New immigrants also affected the lives of indigenous peoples in the region. The deforestation devastated the livelihoods of native populations who were forced off their lands. New settlers also brought diseases which decimated indigenous communities. Violent conflicts between new settlers and locals were not uncommon (Rich 1994 pp. 118-23; Wade 1997 pp. 659-63; Keck and Sikkink 1998 pp. 138-40).

Brazilian activists took active part in the campaign. The Congressional testimony of Brazilian environmentalist José Lutzenberger was televised in the US and

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<sup>11</sup> Keck and Sikkink's account was confirmed for this thesis by senior staff from two environmental organizations, each of who had been involved in the pamphlet's publication.

Brazil (Wade 1997 p. 662). Chico Mendes, leader of indigenous rubber tappers, also met with Congressional officials (Keck and Sikkink 1998 p. 141). Vigorous lobbying by civil society organizations, combined with the support of Republican Senator Bob Kasten, who had taken a personal interest in the campaign, helped move the issue forward. At Kasten's request, Bank President A. W. Clausen, along with top Bank staff, held an unprecedented meeting with the Senator and US environmental representatives in January 1985 (Rich 1994 pp. 123-7; Wade 1997 pp. 664-7). Less than three months later, the Bank had halted disbursement of the remaining amount of the Polonoroeste loan. Like the direct meeting between Kasten and Clausen, the cancellation of a project on environmental or human rights grounds was unprecedented in the Bank's history and provided significant encouragement for environmentalists as they continued their campaign (Rich 1994 pp. 126-7).

New safeguards and staff: Environmentalists saw Polonoroeste as an indicator of a more general malaise within the Bank. They believed that Bank staff as a whole failed to take ecological considerations into account when planning and implementing projects. Although the Bank had been one of the first multilateral development organizations to have an environmental staff, hiring an environmental advisor in 1970, the Bank's Environmental Unit (also known as the Office of Environmental Affairs) was perceived to be toothless and undermanned. In 1983 it was staffed by just three people. When its tropical ecologist had objected to the Polonoroeste project during its planning phase, the project staff simply excluded him from future meetings (Wade 1997 pp. 618, 628, 640-1, 662-3). Civil society organizations charged that the Bank could not become an environmentally responsible institution without concrete safeguards and staff able to supervise and implement them.

When Barber Conable took over as Bank President late in 1986, he moved to rectify these problems. He met with environmental leaders, acknowledged the legitimacy of their past grievances, and sought to move the Bank forward. In 1987 he announced a sixteen-fold increase in the Bank's environmental staff. One hundred new environmental employees would fill a new central Environmental Department and four regional environmental units (Rich 1994 pp. 146-7; Wade 1997 p. 675). In 1988 the Bank began urging its borrowers to create country-wide Environmental Action Plans (EAPs). In 1989 it began addressing specific environmental concerns by introducing an Environmental Policy for Dams and Reservoir Projects and giving specific guidance on the preparation of environmental assessments for projects. In

1990, it issued an Operational Directive on involuntary resettlement and the treatment of indigenous peoples (Shihata 1991 pp. 250-6).<sup>12</sup> Environmentalists, however, continued to campaign for the refinement and expansion of these policies and, above all, their proper enforcement.

Transparency and accountability mechanisms: Not trusting the Bank to enforce its own policies, campaigners sought means to monitor the Bank's behavior and hold it accountable to its commitments. At one level, this involved developing new information on the Bank's activities, e.g. via new reporting requirements, or pressuring the Bank to release the information it already had. Both of these activities brought greater transparency to the Bank's impacts and decision-making processes. At another level accountability required some means of evaluation, reward, or punishment, which could incentivize the Bank to behave in a more socially and environmentally sensitive fashion and correct its decisions when it failed to conduct its activities in such a manner.

Most efforts at monitoring and accountability worked via the US government. Typically they involved a combination of dialogue with key policymakers and legislative action. In the late 1980s Washington-based environmental NGOs began meeting regularly with representatives of the US State Department, Environmental Protection Agency, Treasury, and USAID to discuss events at the World Bank and coordinate their positions. These meetings, held on the first Tuesday of each month, became known as the Tuesday Group. The government members of the group were also part of a closed-door government body, the Working Group on Multilateral Institutions (WGMI), which gave instructions to the US Executive Director of the World Bank. The members of the Tuesday Group concluded that they needed additional information to effectively form positions on new Bank projects and that it needed to get its information early in the project cycle. In response, Larry Williams of the Sierra Club and David Wirth of the NRDC authored the Early Warning System legislation. The legislation instructed USAID to use its then-extensive network of field staff to track multilateral development projects and report publicly on their progress. The success of NGOs in getting the legislation passed demonstrated the growing power of the environmental movement. The US Treasury tried to pre-empt the Sierra Club-NRDC effort by passing a bill using its own, alternative language, but

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<sup>12</sup> See also World Bank, "OD 4.30: Involuntary Resettlement", 1 June 1990.

was unsuccessful. Soon afterwards Congress, with the begrudging support of the Treasury, adopted the NGO proposal.<sup>13</sup>

According to a source present at the time, the Sierra Club was also instrumental in designing and developing support for the Pelosi Amendment, which promoted the use of environmental impact assessments. The amendment, attached to a 1989 bill on international finance, stipulated that the US executive director would be bound to vote against any Bank project for which the Bank's board had not been supplied with an environmental assessment. The bill gave the Bank two years to implement the necessary changes before the US voting stricture would take effect.<sup>14</sup> The bill not only forced the Bank to create a comprehensive system of environmental impact assessments, it also fostered greater transparency and accountability. Previously documents like environmental assessments were viewed by the Bank as proprietary documents belonging to the borrower. The Bank took the position that it could not disclose such documents even to its own board without the express consent of the owner. Consequently, the original Operational Directive on environmental assessments did not include a provision for the release of the data to the board.<sup>15</sup> By requiring the Bank to release environmental assessments well in advance of any board vote on a given project, the amendment expanded the board's access to information and enhanced its ability to monitor the actions of the Bank (Wade 1997 pp. 686-7).

Despite these successes, activists still worried that the Bank was largely unaccountable and had little incentive to effectively enforce its own safeguard policies. The need for an enforcement mechanism led to several proposals in the early 1990s for an independent appeals commission or ombudsman (see Clark 2003 p. 22)<sup>16</sup>. Such proposals gained the support of staff from the Environmental Defense Fund and the Center for International Environmental Law (CIEL); the appeals commission would become a central issue in later lobbying (Bradlow 1993 p. 565).

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<sup>13</sup> Information for this account comes from a senior environmental staffer directly involved in this process.

<sup>14</sup> 101st US Congress, PL 101-240, December 1989.

<sup>15</sup> World Bank, "OD 4.00: Environmental Assessment", October 1991.

<sup>16</sup> See also, for example, Daniel Bradlow, "The Case for a World Bank Ombudsman", policy paper submitted to the US House of Representatives Subcommittee on International Development, Finance, Trade and Monetary Policy of the Banking, Finance and Urban Affairs Committee, May 1993.

### **1990-1992: Convergence**

Environmental and development concerns began to converge in the late 1980s.

Massive protests greeted the World Bank IMF Annual Conference in 1988, held in Berlin. Tens of thousands of people took to the street; “North, south, east, and west we had people turning out,” recalled one environmental leader. According to a source at Friends of the Earth, major environmental NGOs were involved in organizing the protests, but the demonstrations focused on issues like structural adjustment as well as environmental degradation.

Faith-based organizations in particular bridged the two sides. Less narrowly focused than either service-delivery NGOs or environmental advocates, some faith-based groups cycled back and forth between environmental and development causes. For instance, the Catholic church was active in supporting IDA funding during the 1980s. In 1990, after the Pope issued an address on the environment, the US Catholic Conference of Bishops became involved in that issue. Later, according to a source who had worked with the conference during this time, when development funding came under threat the bishops refocused their attention on defending IDA and threw their support behind debt relief. Other faith-based organizations, like WDM, also split their attention between development and some environmental issues.<sup>17</sup> According to one source involved in these events, some of these faith-based groups built relationships with the core group of American environmentalists leading the environmental campaign against the Bank.

Development advocates were also taking note of environmentalists’ successes. Although development organizations had been working with the Bank for years, both through the NGO World Bank Committee and through cooperation on various projects, their advocacy efforts had had only limited impact on Bank policy. In contrast, environmental NGOs had achieved their first major success, the suspension of the Polonoroeste loan, just two years after starting their campaign. The environmental activism surrounding the ninth replenishment of funds for the International Development Association had been particularly effective. In response to civil society threats to challenge donor funding of the replenishment, the Bank had created a number of new policies reflective of environmental concerns. Organizations like Church World Service (which although faith-based focused primarily on

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<sup>17</sup> Information comes from an informant who worked with the organization during this time.

development) and Bread for the World recognized the effectiveness of environmental criticism and sought ways to use similar tactics themselves. The political landscape was also changing as environmental successes made environmentalism more mainstream. Development organizations began including vaguely defined calls for 'sustainable development' in their policy recommendations and noting links between environmental preservation and human well-being.

As the IDA-10 replenishment approached, environmentalists also encouraged civil society cooperation, seeking to develop alliances with development organizations both in other IDA donor nations and in the developing world.<sup>18</sup> IDA negotiations typically started 18 months in advance of the replenishment; donor discussions of the IDA-10 would begin in 1992 and culminate late in 1993. By 1992 the core of the environmentally based Bank-reform movement included EDF, FoE, and NWF, with some involvement from a number of other groups including Greenpeace, the NRDC, Rainforest Action Network, the Sierra Club, and CIEL. These environmental NGOs saw the broadening of their coalition as an important strategic step. To widen their appeal, they began discussing issues like debt relief and popular participation and developing their own poverty focus. An anonymous draft of a position paper on the IDA-10, circulated in January of 1992, noted that "it is unrealistic to think that the South will cooperate in the development and execution of an environmental agenda in the absence of cooperation on development and execution of a social agenda".<sup>19</sup> The same paper recommended that poverty alleviation, changes in structural adjustment, and popular participation be included alongside existing environmental demands for improved accountability mechanisms, improved resettlement policies, and sustainable energy development. The core environmental groups also began reaching out to potential allies by stressing overlapping objectives. In requesting Irish assistance with IDA lobbying on behalf of Washington environmentalists, one staffer wrote that "though our opinions about the Bank and the various issues differ broadly, we all agree on the need for at least putting restraints on Bank activities".<sup>20</sup> Similarly, in an

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<sup>18</sup> See, for example: invitation issued by the Bank Information Center (BIC), CIEL, EDF, and others for a cocktail party launching "The New International Alliance of the Indigenous-Tribal Peoples of the Tropical Forests", 19 March 1992; and fax from Jonathan Miller of BIC to Andy Storey of Trocaire, 25 June 1992. Documents provided to the author as scanned copies of the originals by the Bank Information Center (BIC), December 2007. Compare with Barbara Crossette, "Movement Builds to Fight Harmful Projects in Poor Nations", *The New York Times*, 23 June 1992.

<sup>19</sup> Draft supplied by BIC.

<sup>20</sup> Fax from Jonathan Miller of BIC to Andy Storey of Trocaire, 25 June 1992.

exchange with Randy Hayes of Rainforest Action Network, Lori Udall explained that she had authored a group statement on the IDA using compromise language so as to garner the broadest possible support.<sup>21</sup>

Such diplomacy helped blur the lines between development and environmental issues. Service delivery organizations, anti-poverty advocates, and faith groups integrated issues like transparency and environmental assessments into their lobbying agendas.<sup>22</sup> Disparate civil society organizations engaged in dialogue and joint advocacy. In one notable example, the Development Group for Alternative Policies (the Development GAP), a left-leaning development advocacy group with strong ties to the environmental movement, worked with Friends of the Earth, Greenpeace, Church World Service (CWS), Lutheran World Relief, Third World Network, and the European Network on Debt and Development to organize a 1992 forum on structural adjustment. The sponsors of the forum included the Environmental Defense Fund and the Rainforest Action Network; Caritas International and the World Council of Churches; and Swissaid and several branches of Oxfam (Hammond and McGowan 1993). This sort of collaboration would be a hallmark of the early IDA-10 activism.

### **1992-1995: The IDA 10**

The confluence of social and environmental interests was reflected in the initial lobbying surrounding the 10<sup>th</sup> IDA. The IDA replenishment was negotiated by a group of 32 IDA Deputies, each of whom represented an IDA donor nation. Borrowers were not allowed to send delegates or observers. The donor deputies were scheduled to meet five times in 1992, in January, April, July, September, and December.

Initially there was little need for strong civil society activism. Earlier campaigns had been sufficient to raise awareness of civil society concerns among member states.<sup>23</sup> The US Treasury's objectives, drafted in advance of the January meeting, included strengthening "key policy provisions" related to structural

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<sup>21</sup> Fax from Lori Udall of EDF to multiple US NGOs, 23 November 1992. Includes cover letter and draft statement. Cover letter notes "I have tried to draft [the statement] in such a way that both 'reformists' and 'abolitionists' can sign it. I took the compromise position on the \$18 billion replenishment in which I have called for 'significant cuts,' rather than opposition to the whole thing."

<sup>22</sup> See, for example, "Position Paper from Irish Non-Governmental Organizations (NGOs) Regarding the Tenth Capital Replenishment of the International Development Association", dated "June-September, 1992 [sic]".

<sup>23</sup> See, for example Barbara Crossette, "The Earth Summit: What Some Preach in Rio Is Not What They Practice at Home", *The New York Times*, 15 June 1992. Also Barbara Crossette "Movement Builds to Fight Harmful Projects in Poor Nations", *The New York Times*, 23 June 1992.

adjustment, energy conservation, popular participation, environmental action plans, poverty reduction, and gender in development. The draft noted that these were “issues in which the US NGO community has expressed a particular interest”.<sup>24</sup> A more detailed position paper, written in April, outlined these concerns in greater depth.<sup>25</sup> Delegates from the Netherlands were also aware of civil society concerns<sup>26</sup> and issues of popular participation and informational liberalization were debated on the floor of the British parliament.<sup>27</sup>

As the IDA deputies moved to prepare their draft resolution in July 1992, CSOs worked together to apply more pressure. At the centre of the networking effort was the Washington-based Bank Information Center (BIC). Established in 1987 using funding from the Charles Stewart Mott Foundation, BIC was an information clearinghouse created to facilitate data-sharing among civil society organizations worldwide. Although BIC, in theory, worked with any and all organizations, it had an emphasis on the environment. BIC’s letterhead at the time described it as “A Clearinghouse for Environmental Information on MDB Funded Projects.” Maureen Smyth, then the Mott Foundation program officer responsible for BIC’s funding, recalled that the environmental focus was designed as a hook to attract more organizations to the BIC network.<sup>28</sup> The result was that BIC became heavily involved in environmental issues. Although it rarely engaged in direct lobbying itself, it worked closely with the DC-based environmental NGOs at the core of the environmentalist campaign to reform the Bank.

DC-based NGOs were already engaged in the policy process through their connections with Pat Coady, then the US executive director for the World Bank.<sup>29</sup> Coady was not part of the US IDA delegation, but he still had significant sway with the Bank. According to government and civil society sources, many of the meetings with Coady were arranged by BIC, and Coady, a Republican appointee, was very

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<sup>24</sup> US Treasury, “Tenth Replenishment of the International Development Association (IDA 10)”, 24 January 1992.

<sup>25</sup> US Treasury, “IDA X: Quality of Project Lending”, 21 April 1992.

<sup>26</sup> Information comes from a former staff member at Oxfam-UK familiar with these events.

<sup>27</sup> See statements by MPs Michael Meacher and John Denham, during UK Parliamentary debate on a motion by the Under-Secretary of State for Foreign and Commonwealth Affairs that funding for IDA-10 be approved. UK Parliamentary record, 12 July 1993, 11:10pm. Meacher criticizes the “anti-social and anti-development policies of the World Bank” while Denham notes that he was forced to obtain Bank documents via US NGOs.

<sup>28</sup> Author’s interview with Maureen Smyth, Senior Vice President for Programs and Communications, Charles Stewart Mott Foundation, interview by phone, 21 March 2008. Hereafter: “Interview: Smyth”.

<sup>29</sup> Information comes from a staff member in the US ED’s office at this time.

sympathetic to the environmental position. American NGOs were also in direct contact with the US Treasury.<sup>30</sup> Other organizations, like Oxfam-GB, the Netherlands-based NOVIB, and the Australian-headquartered Third World Forum, were likewise involved through direct interaction with their countries' EDs and government representatives.<sup>31</sup>

When the IDA deputies met in Dublin in July to prepare a draft agreement, BIC helped develop European involvement in the process. At the behest of unnamed "US NGOs," BIC recruited Andy Storey of the Catholic aid organization Trocaire to organize Irish support. BIC's correspondence with Storey indicated that BIC was advancing an environmental platform, but stressed that environmentalists and development operators had certain shared interests.<sup>32</sup> Trocaire distributed leaflets provided by BIC at the IDA meeting, did television and radio interviews, and coordinated a joint statement from Irish NGOs on the IDA replenishment.<sup>33</sup> Trocaire's press release on the IDA, picked up by Irish newspapers, was particularly critical of the World Bank.<sup>34</sup> The joint statement of NGOs, however, focused more on policy changes. It included a blend of environmental and development proposals, including increased transparency, an independent appeals mechanism, popular participation, poverty reduction, and required environmental assessments. It was signed by twenty-one organizations, including Christian Aid, Oxfam in Ireland, Earthwatch, and the Irish Missionary Union.<sup>35</sup>

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<sup>30</sup> For example, see fax from David Reed, Director, International Institutions Policy Program, WWF International to George A. Folsom, Deputy Assistant Secretary, International Development, Debt and Environment Policy, US Treasury, 3 September 1992; also letter from Raymond Mikesell, Economic Advisor to the Sierra Club International Program and Larry Williams, Washington Director, Sierra Club International Program to George A. Folsom, Deputy Assistant Secretary, International Development, Debt and Environment Policy, US Treasury, 10 September 1992.

<sup>31</sup> Information comes from a former staff member at Oxfam-UK. Also letter from John Kerin, Australia Minister for Trade and Overseas Development to Gregg Barrett, Third World Forum, 7 September 1992. Letter addresses the NGO's concerns regarding Narmada and welcomes the "vital role which NGOs and their widespread networks play" in monitoring the Bank. Letter also notes that Kerrin has asked Robin Casson, Australian's lead IDA deputy, to "arrange a meeting with interested NGOs" prior to the September IDA meeting and "where appropriate, incorporate [their concerns] into the Australian position."

<sup>32</sup> Fax from Jonathan Miller of BIC to Andy Storey of Trocaire, 25 June 1992.

<sup>33</sup> Fax from Andy Storey of Trocaire to Jonathan Miller of BIC, 1 July 1992.

<sup>34</sup> The Trocaire press release was attached to the Storey-Miller fax. The text of the release is followed closely by "Agencies in Attack on Bank", *Irish Independence*, 1 July 1992 and "International Development Agency [sic] seeks funding rise", *Irish Times*, 1 July 1992. Tellingly, both articles imply that Irish NGOs are highly critical of the Bank, when the Irish NGO position paper on the IDA-10, cited earlier, is actually notable for its moderation.

<sup>35</sup> "Position Paper from Irish Non-Governmental Organizations (NGOs) Regarding the Tenth Capital Replenishment of the International Development Association", dated "June-September, 1992 [sic]".

Civil society organizations had no presence in the replenishment meetings, but the civil society-run publicity campaigns and relationships between civil society organizations and several delegations made civil society demands an open topic of discussion during the negotiations. At the meeting in Dublin, several governments expressed concern about the legitimacy of the claims of the CSOs involved; the German delegation even went so far as to state that “Washington-based NGOs are not representative”.<sup>36</sup>

In response to delegate requests, the World Bank organized a meeting between developing nation civil society representatives and IDA deputies, held in Washington, D.C. in September. The CSO participants, from Africa, Asia, and Latin America, affirmed their support for much of the reform agenda. In particular, they emphasized poverty reduction, changes in structural adjustment, and accountability. They explicitly affirmed the overall intentions of Northern CSOs attempting to reform the Bank, although the Southerners were less categorically opposed to structural adjustment and less focused on environmental issues. Most importantly, they expressed disagreement with the proposal made by some Northern CSOs to use cuts in IDA funding to leverage change. The IDA, in the view of the Southerners, was too important to poor populations to be reduced.<sup>37</sup> This division over the fate of IDA would ultimately become a wedge, fracturing the reform coalition. The hammer driving it was the Narmada Dam.

#### *The Narmada Dam: Testing the Bank's Will to Reform*

Although some of the development organizations involved in the IDA negotiations, like CWS and Bread for the World, were interested in using donor funding power to leverage reforms at the World Bank, they had no interest in actually decreasing the level of IDA funding. Instead they saw the IDA funding cycle as an opportunity to make reasonable demands that the Bank would be bound to accept. In this regard, their position was akin to that of many of the Bank's donors. Almost universally, development organizations believed that the IDA and even the World Bank were necessary development tools delivering a net benefit to the world's poor.

Many of the Washington-based environmental NGOs, however, were far less certain. Some believed that the Bank's net impact on the world's poor was negative.

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<sup>36</sup> US Treasury, “IDA Deputies Meeting, Dublin, July 1-2, 1992, “The Environment”, 30 July 1992.

<sup>37</sup> World Bank, “Meeting Between IDA Deputies, Executive Directors, and NGOs”, 16 September 1992.

The authors of an anonymous IDA-10 position paper obtained from BIC note, “It is our position that safeguarding concessional flows to poor countries is unhelpful if those flows are not contributing to broad-based and sustainable development”.<sup>38</sup> Bank funding would be supported only if the Bank were reformed.

Such discussions featured relatively little in the early negotiations surrounding the IDA. The emphasis was on the reform of the Bank rather than its potential abolition. This approach permitted cooperation with other actors with a reformist emphasis, including those CSOs like Oxfam or Bread that fundamentally supported the Bank’s mission. Concerns about the Bank’s capacity to change itself, however, were brought into sharp relief by the Morse Commission report on the Narmada Dam, published in June of 1992, and the Bank’s subsequent handling of the commission’s recommendations.

The Narmada Dam, also known as the Sardar Sarovar project, was actually a series of dams conceived by the Indian government in the 1960s. The dams were intended to provide drinking water, irrigation, and electricity in northwest India, particularly in the State of Gujarat. The Indian government began finalizing plans for the dam in 1979, and by 1985 the Bank had approved the first Sardar Sarovar loan. By the late 1980s, the project had begun to attract international attention. The number of people expected to be displaced by the reservoirs from the dams was expected to reach approximately 250,000. Not only was the number extremely high, but many of the families to be displaced came from India’s marginalized tribal class. Because they lacked clear rights to their land, it was uncertain if they would be justly compensated for their resettlement. Further investigation revealed potential flaws in the design of the dam’s key irrigation components, namely that the irrigation might contribute to soil salination and thus destroy farmland. The dam’s rise to prominence also coincided with the birth of an international movement against dams, which accused large dams of destroying river ecologies and contributing to the spread of waterborne disease. The international attention focused on the Narmada Dam eventually forced the World Bank to suspend disbursement of the Narmada loan in 1991. It then appointed an *ad hoc* independent review board, known as the Morse Commission after its chairman,

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<sup>38</sup> See also fax from Korinna Horta of EDF to BIC “Indications of how IDA fails to meet its basic objectives of poverty alleviation and environmental protection”, 9 October 1992. Also Bruce Rich, Lori Udall, and Deborah Moore, all of EDF, “Letter to the Editor: Before We Let the World Bank Squander More”, *The New York Times*, 6 January 1993.

Bradford Morse, to investigate claims that the Bank had violated its own resettlement and environmental policies in its funding of the dam.

The commission's report confirmed many of the critics' claims. The Morse Commission not only documented several key policy violations; it also implied that such policy violations resulted from systematic flaws in Bank practice. In the view of the commission, Sardar Sarovar could not easily be fixed. It recommended that the Bank "step back" from the project (cited in Udall 1995, p. 216).

The anti-Bank organizations involved in the IDA-10 viewed the Narmada as a clear test case of the World Bank's ability to reform. They also interpreted the commission's "step back" language as a clear call for project cancellation. Instead of canceling the project, however, the World Bank's board delayed making a final decision as the Bank's management and the Indian government rushed to assemble a remediation plan.

A board date to consider the project was finally set for October 1992. In anticipation of the board vote and management's attempts to defend the project, a group of NGOs took out full page ads in the *New York Times* and *Financial Times* opposing the project. The advertisements issued an ultimatum:

If the World Bank does not withdraw from Sardar Sarovar it will confirm that the Bank cannot implement its own stated policies. Failing withdrawal, we will launch an international campaign to urge taxpayers, donor governments, and environmental and social organizations to oppose the \$18 billion replenishment of the of the International Development Association.<sup>39</sup>

The advertisement, however, was not sufficient to sway the Bank's board. Although a number of donor country EDs, including the representatives of the US and UK, voted against the project, the board agreed to continue funding.

#### *Anti-Bank and Pro-IDA Factions*

The explicit threat to the Bank's funding triggered a sharp drawing up of sides between anti-Bank and pro-IDA groups. The anti-Bank faction encompassed those CSOs with a generally negative perception of the Bank who opposed its continued functioning in its present form. The anti-Bank faction included many environmental NGOs, but by

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<sup>39</sup> Advertisement, "Your Tax Money - Funding Yet Another World Bank Disaster: Why thousands of people will drown before accepting the Sardar Sarovar Dam", *The New York Times*, 21 September 1992.

no means all of them. Environmental Defense led the charge, joined by the National Wildlife Federation, Friends of the Earth, the Sierra Club, and Greenpeace. The World Wildlife Fund (WWF), however, had already written to the US Treasury to note that they were not part of the larger DC environmental coalition.<sup>40</sup> Later WWF would side with the pro-IDA faction. The NRDC, which was only somewhat involved in the IDA negotiations, would also take a more neutral approach. Development GAP, despite its strong connections to the environmental community and liberal bent, stayed aloof. According to one source familiar with the organization, it felt constrained to heed the positions of its Southern partners, who opposed the attack on the IDA.

Southern CSOs within the NGO Working Group, according to a member present at the time, helped sway the organization towards a pro-IDA position. On October 30<sup>th</sup> the NGOWG published an open letter to World Bank President Lewis Preston expressing the support of the group for full funding of the IDA-10 replenishment.

The NGO Working Group expresses its deep and abiding concern about the adequacy of funds on concessional terms being made available by the North to tackle poverty in the South... The NGO Working Group is especially concerned about the possibility of cuts in real terms under the current round of negotiations for the IDA-10 replenishment.<sup>41</sup>

Although Preston himself had little direct control over the level of funding, the letter was an important public relations tool. Although the NGOWG affirmed “the link between poverty and the environment,” its letter stressed the role of the IDA in reducing poverty and declared that “measures to protect the global environment should not be at the expense of efforts to reduce poverty”.<sup>42</sup> Members supporting the statement represented thirty different CSOs, many of them from the global South. They included religious groups like the Caribbean Council of Churches and the World Council of Churches as well as many development groups, including the DC-based Interaction and the Dutch-based NOVIB. Many of the groups which had collaborated

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<sup>40</sup> Fax from David Reed, Director, International Institutions Policy Program, WWF to George A. Folsom, Deputy Assistant Secretary, International Development, Debt and Environment Policy, US Treasury, 3 September 1992.

<sup>41</sup> Letter from Mazide N'diaye, Co-Chair, NGO/World Bank Working Group, to Lewis Preston, President, World Bank, 30 October 1992.

<sup>42</sup> Ibid.

with the environmental push in Dublin, including Oxfam-Ireland, MISERFOR, and Caritas International, endorsed the letter.

While the pro-IDA position was a fairly simple affirmation of the need for concessional aid for the poor, the anti-Bank position was more complex. In the eyes of its members, the Bank had failed a crucial test on refusing to cancel the Narmada loan. Yet they were divided on how to deal with that failure; the two camps were referred to as “abolitionists” and “reformists”.<sup>43</sup> For abolitionists, the Bank had proven itself unreformable. The combination of its intransigence on Narmada and its perceived record of environmental and social degradation meant that the Bank itself should be closed. Some abolitionists favored a new, smaller institution or a compensating increase in bilateral aid. Others questioned the value of development aid altogether (cf. Rich 1994). Reformists took the position that although the Bank could not reform itself, sufficient external pressure might still yield changes. Yet reformists, like abolitions, still believed that the Bank had, historically, been a negative force in the developing world. They therefore favored sweeping reforms that would yield a smaller, less powerful institution which focused more on environmental preservation and service-delivery to the poor, and far less on economic development. They were unwilling to see the Bank funded until this was accomplished. In many cases they called for non-specific additional changes in areas like transparency and popular participation in which the Bank was already making significant concessions. Such vagueness gave little room for clear benchmarking of Bank improvement beyond NGO say-so.

For the abolitionists, withholding IDA-funding was the first step in eventually eliminating the Bank. For the Bank-shrinking reformists, the withholding of IDA funds was a battering ram to be deployed to force the Bank to open and change. However, cuts in the IDA were more than just a means to an end. Withholding IDA funds and redeploying them via other channels (e.g. in debt relief or selected bilateral agencies) would have the desired effect of diminishing the Bank’s power and reinforcing the alternative models of development the reformists wanted the Bank to adopt. There was also some indication that some of the groups with more abolitionist leanings took a reformist approach in public to avoid criticism. While ostensibly

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<sup>43</sup> Fax from Lori Udall to US NGOs, 23 November 1992.

'reformist,' they sought to set the reform bar high enough to all but necessitate the cancellation of the IDA and thus financially diminish the Bank.<sup>44</sup>

*The Wapenhans Report*

In December 1992, the anti-Bank faction was inadvertently given an added boost by the World Bank itself after an internal evaluation commissioned by Bank President Preston was completed. The evaluation, "Effective Implementation: Key to Development Impact," was known as the Wapenhans Report, after Willi Wapenhans, the Bank Vice President who led the evaluation task force. The report categorized over a third of the Bank's loans as nonperforming and noted a significant increase in the number of nonperforming loans between 1981 and 1991. More damningly, the report attributed the Bank's problems to a culture that stressed making new loans rather than careful implementation of existing loans or the evaluation of completed projects.

The Bank's critics quickly seized on the report as evidence of endemic failure within the Bank and the need for wholesale reform or abolition. Representatives of the Environmental Defense Fund wrote a letter to the editor of the *New York Times* declaring:

Before agreeing to provide \$18 billion more to the [World Bank's] International Development Association, taxpayers in the United States and other donor countries should be aware that these problems are systemic and that without major reforms the money will continue to be wasted on environmental and social disasters... To dump \$18 billion into the lap of such an institution, without total reform and housecleaning from top to bottom, is financial folly.<sup>45</sup>

Wapenhans himself, by that point retired from the Bank, quickly responded with a letter of his own, charging that the EDF authors had "misread" the report: "our report is part of the bank's self-assessment and should be seen as telling evidence that the institution is not complacent but continuously seeks to improve".<sup>46</sup> Despite his

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<sup>44</sup> Ibid.; fax from Randy Hayes of Rainforest Action Network to Lori Udall of EDF 24 November 1992; and fax from BIC to US Representative Barney Frank, 2 March 1993.

<sup>45</sup> Bruce Rich, Lori Udall, and Deborah Moore, Director, staff lawyer, and staff scientist of EDF's international program (respectively), 6 January 1993.

<sup>46</sup> Willi Wapenhans, "Letter to the Editor: World Bank Keeps Improving Its Approach", *The New York Times*, 23 January 1993.

protests, however, the report would continue to feature prominently in discussions about the Bank.

### *The Completion of the IDA Negotiations*

The donor deputies and the Bank concluded their negotiations in early December 1992 with an agreement to maintain IDA funding at IDA-9 levels, adjusted for inflation. The replenishment agreement reflected many of the concerns raised by various CSOs. It included an agreement on behalf of the Bank to focus on poverty and to use poverty-targeted interventions to offset the impacts of structural adjustment. Deputies also stressed that adjustment itself should be done in such a way as to preserve social safety nets. The Bank committed that 50 per cent of new IDA expenditures would “include specific actions to assist women,” such as girls’ education and family planning.<sup>47</sup> The Bank also committed to continuing to assist borrowers in preparing national Environmental Action Plans and to prepare Environmental Impact Assessments for new projects, although the commitment’s language appeared to make some of this dependent upon the borrower’s decisions. Popular participation was also stressed, as were transparency and accountability. Notes on improving project quality and monitoring also addressed donor concerns about project management at the Bank, some of which predated the Wapenhans report.<sup>48</sup>

In short, the CSOs involved in the IDA process got nearly everything they had asked for. A senior civil society source for this thesis, who had been involved in the negotiations, acknowledged that nearly all of the core civil society demands were met. However, in the post-Narmada climate, the anti-Bank organizations were no longer content. Not only were they pushing for a reduction in the Bank’s power or even its elimination; they were also seeking additional ways to control it. The creation of an independent appeals mechanism became a high priority. It had been only a secondary issue during the earlier negotiations, particularly because development and justice-oriented CSOs viewed it as a tool designed almost exclusively for the enforcement of environmental regulations.<sup>49</sup> The anti-Bank faction also increased the volume and

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<sup>47</sup> World Bank, “Additions to IDA Resources: 10th Replenishment”, December 1992, pp. 4-5.

<sup>48</sup> Cf. US Treasury, “IDA Deputies Meeting, Dublin, July 1-2, 1992, ‘The Environment’”, 30 July 1992.

<sup>49</sup> This account was confirmed both by a source who had been a senior staffer at a justice-oriented NGO at the time of the IDA-10 and by a Bank staffer who had previously worked in the NGO community and had been present at the Bank during the IDA-10.

scope of their transparency demands, calling for further improvements in the Bank's information policy.

### *US Exceptionalism*

To reduce the Bank's power and to leverage their new demands, the anti-Bank faction lobbied donor governments to cut or eliminate their IDA funding. This began in November, even before the final IDA agreement, and continued into early 1993. Parliamentarians in Canada and Britain debated the IDA's merits, and in Sweden a motion was even tabled to cut IDA funding. Only in Finland, however, was the attack on the IDA successful, resulting in a \$14 million cut to the Finnish contribution (Udall 1995 p. 224).

IDA enjoyed broad support as the World Bank's primary poverty-fighting vehicle. However, the failure of most of the political attacks on the IDA had a more systemic cause. Nearly all of the IDA's donor countries had parliamentary systems with combined executive and legislative functions. The party in power was also responsible for the IDA's negotiation and therefore unlikely to inflict on itself a legislative defeat.

The major exception to this was the US. Not only was the US the IDA's biggest donor, with over \$2.7 billion pledged, it also had a much more volatile political system. The US was "almost unique" among Bank donors in having "two genuinely independent decision-making branches that always [were] at least in semi-conflict and both of which [needed] wooing" (Kapur et al. 1997 p. 1145). The US government was also particularly porous, allowing multiple entry points for lobbyists and activists. The organizations opposing the IDA therefore turned their sights towards the US.

### *The IDA Fight in Congress*

In response to civil society pressure, Congress held three hearings on the World Bank and IDA in the spring of 1993. Two were held before subcommittees in the House of Representatives and one was held in the Senate. In each chamber the IDA expenditures needed to go through both authorization and budgeting processes. A subcommittee had to authorize Congress to make the expenditures, and the authorizing bill then had to be passed by the whole House. A budget subcommittee also had to budget money for the payments, without which the authorization would be meaningless. The budget plan also then had to be approved by the House. Both of the

relevant subcommittees in the House of Representatives and the authorizing committee in the Senate held public hearings.

NGOs including the Environmental Defense Fund, Friends of the Earth, the National Wildlife Federation, Greenpeace, and the Sierra Club lobbied openly for cuts to World Bank funding or for a complete holdback in Bank funding pending large-scale reform.<sup>50</sup> Interaction, on behalf of a large number of Washington development and relief organizations, gave Congressional testimony calling for full funding for the IDA, as did CARE and Bread for the World.<sup>51</sup> Bread even went so far as to call for funding to be increased.<sup>52</sup> The Forum of African Voluntary Development Organizations (FAVDO) also provided a representative who made an impassioned plea for continued funding.<sup>53</sup>

On the whole, however, IDA advocates had relatively less representation before Congress than they had had with the IDA deputies. Non-US CSOs, which had heretofore been quite active in the IDA process, had a smaller role once the fight moved to the US. FAVDO, as an umbrella organization, spoke on behalf of a large number of African CSOs. Narmada Bachao Andolan (NBA), an Indian advocacy group which had previously supported the replenishment, submitted a letter through the Environmental Defense Fund calling for an elimination of the Bank and IDA. The Public Interest Research Group in India submitted a similar statement calling for complete cancellation of the replenishment. The report of the September meeting between Southern CSOs and the IDA deputies, in which the Southerners expressed their support for IDA, was likewise submitted to Congress. Examples like these notwithstanding, lack of a permanent Washington presence or experience in DC-based

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<sup>50</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993; hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993; hearings before a US Senate subcommittee of the Committee on Appropriations, on Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1994, 15 June 1993.

<sup>51</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993; and hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>52</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>53</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

lobbying excluded most non-American actors from direct involvement in the process. This included not just developing country CSOs, but even larger European actors like Oxfam.<sup>54</sup>

This vacuum permitted many of those CSOs still involved to claim to represent civil society in other parts of the world. These claims, however, frequently conflicted. FAVDO and NBA, although both ostensibly speaking on behalf of IDA recipients, held diametrically opposing views. US-based groups, including Church World Service, Friends of the Earth, and the National Wildlife Federation all made claims to represent either local partners or unspecified developing country populations, yet held strikingly disparate positions.

As discussion progressed through the spring and summer, the Congressional debate became not just a decision about IDA but also a referendum on the Bank itself. Developing this theme, staff from EDF and Friends of the Earth highlighted the costs of the construction of the Bank's new Washington headquarters.<sup>55</sup> These costs, along with staff salaries and the Bank's co-ownership of a Maryland golf-course, were cited in floor debate as evidence of the Bank's fiscal irresponsibility. The World Bank's spending was described as akin to that of the European Bank for Reconstruction and Development (EBRD), whose president, Jacques Attali, had been forced to resign after spending millions of dollars on private planes, a lavish Christmas party, and new marble for the EBRD's headquarters.<sup>56</sup> An amendment designed to cancel all US funding to the Bank for the 1994 fiscal year was barely defeated on a vote of 210-216.<sup>57</sup>

### **Final Outcomes**

The efforts of the IDA opponents were extremely successful. Congress reduced US funding for the IDA by \$200 million for the first year of disbursement. The appropriations bill, passed in September of 1993, stipulated that the US would pressure the World Bank to introduce an appeals mechanism and that the US Treasury would report back to Congress within six months on the Bank's progress.<sup>58</sup> Meanwhile the chair of the House authorizing subcommittee, Representative Barney Frank, negotiated

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<sup>54</sup> This account comes from a former Oxfam staff member, present at the time.

<sup>55</sup> Information comes from a senior source at Friends of the Earth.

<sup>56</sup> Congressional Record, 103rd Congress, 1st session, June 17, 1993.

<sup>57</sup> Ibid.

<sup>58</sup> US Congress, PL 103-87, 30 September 1993.

an agreement to withhold authorization for one-third of the IDA's remaining funding pending further reform of the Bank's policies. This resulted in a holdback of \$1.2 billion. He also lobbied key Bank staff personally, threatening to hold up all authorization unless there was rapid change at the Bank.

The Bank moved rapidly towards the creation of an appeals mechanism, the World Bank Inspection Panel, but was unable to overcome anti-Bank sentiment in Washington. In 1994, 50 percent of that year's IDA funds, approximately \$600 million, were also withheld. The appropriations bill stipulated that such funds would not be released until the US Treasury provided evidence of further improvements in the Bank's information disclosure policy, its resettlement procedures, and its response to the recommendations made to mitigate the flaws highlighted in the Wapenhans Report.<sup>59</sup> The Bank moved to further reform itself, but could not forestall all cuts. In 1995, new Bank president, Jim Wolfensohn, joined by FAVDO, Oxfam, Interaction, and Church World Service, appealed unsuccessfully against further reductions.<sup>60</sup> By early 1996, nearly the end of the IDA-10 cycle, total US cuts amounted to \$934.5 million.<sup>61</sup>

Civil society activism was successful on a number of other scores. As noted, early activism resulted in a number of new commitments in areas like poverty reduction and structural adjustment. The later anti-Bank campaign may have threatened some of those goals, like increased social spending, by moving to reduce the funds available for IDA interventions; however, it arguably demonstrated even greater civil society power. First, in monetary terms, opponents reduced the size of the total IDA-10 replenishment (1993-96) by approximately 5 percent and the US contribution by approximately 35 per cent. Second, the anti-IDA campaign substantially eroded the independence of the Bank. The creation of the appeals mechanism and the liberalization of the Bank's information policy enhanced the Bank's transparency and public accountability by an order of magnitude. Both would greatly facilitate further civil society efforts to transform the Bank and curtail its actions. Moreover, by forcing the Bank to deal directly with the US legislature, CSOs undercut the Bank's tradition of dealing solely with member governments via their

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<sup>59</sup> US Congress, PL 103-306, 23 August 1994.

<sup>60</sup> Jim Lobe, "Finance: IDA on the Edge", IPS - Inter Press Service, 9 October 1995.

<sup>61</sup> Washington Office on Africa, "Africa: US & Internat. Programs, 04/26/96", [http://www.africa.upenn.edu/Urgent\\_Action/dc\\_42696.html](http://www.africa.upenn.edu/Urgent_Action/dc_42696.html), accessed 4 July 2009.

finance ministries. This created a new channel for civil society action against the Bank and also increased US power vis-à-vis other Bank members.

### **Conclusions**

The activism surrounding the IDA-10 represents the first truly global civil society effort to reform the World Bank. Previous 'global' campaigns had been run largely by international CSOs based in the global North. Where they involved Southern actors, they tended to do so in a bilateral fashion with Northern CSOs, often from just one country, interacting with civil society in a single Southern locale. In contrast, the IDA-10 campaign involved more than forty organizations from six different continents. The organizations themselves were extremely diverse, representing a variety of environmental, economic, and religious viewpoints. Moreover, previous campaigns, such as the attack on structural adjustment, focused on only a single issue; the IDA-10 activism encompassed nearly a dozen. Whereas many previous campaigns focused on project cancellation or the mitigation of a local or regional policy, the IDA-10 discussion focused on multiple policies with global impact. Finally, the effect on the World Bank was unprecedented. Civil society activists would influence the shape of global governance for the next decade as the Bank increased participatory decision making in a host of areas, opened its records and reports to the public, engaged its critics, and cultivated civil society allies.

Of particular significance was the volume and diversity of civil society from developing nations who took part in the IDA. Prior to the IDA-10, civil society organizations from developing countries had primarily been focused on issues which exclusively impacted their own nations, or at most on narrow regional issues. Examples included the Brazilian civil society focusing on Polonoroeste or Malaysians working on the International Timber Agreement and Action Plan (cf. Keck and Sikkink 1998). During the IDA-10 campaign, however, CSOs from Latin America, Africa, and Southeast Asia took active roles. Their efforts were a microcosm of the campaign itself, not a subsidiary effort of Northern actors. Far from engaging only on country-specific issues or regional policies, they campaigned for a host of broad policy changes whose implementation would impact the practice of development worldwide.

The data in this chapter represent a significant step in advancing this thesis' research agenda. To begin with, the data answer the first research question posed in Chapter 1, namely: which civil society organizations are engaged with the World

Bank? As described in the introduction, this question serves to test claims in the literature about the globality of civil society. The IDA-10 case supports the vision of a truly global civil society, hailing from a diverse array of nations and representing a variety of views.

Identifying the specific organizations involved, along with other data from the chapter, also begins the process of answering two more of the thesis' other sub-questions; how do civil society organizations interact with each other; and how do civil society organizations choose their policy positions? The events described in this chapter also highlight the importance of these sub-questions to achieving this thesis' larger goal of understanding whether data about the World Bank support the idea that civil society is democratizing global governance.

The forty-plus civil society organizations involved in the IDA-10 at times managed a striking degree of policy cohesion. At other times their positions were strikingly contentious. Actors formed alliances and broke them, acquired policy positions and discarded them. This raises questions regarding how civil society organizations interact with one another, and how individual organizations chose their policy positions. Examining further how civil society organizations chose to make or break alliances and whether they engaged in dialogue amongst themselves is important to understanding whether civil society can act to develop inclusive spaces for stakeholder input. Determining how CSOs chose their positions, e.g. whether on the basis of power, ideology, money, or grassroots pressure, bears on the debate over the representivity of CSOs. Both of these questions have relevance for civil society's input legitimacy (which involves representivity and inclusivity) and both address particular claims in the literature regarding civil society's democratizing potential. These issues will be explored in greater detail in the next chapter.

The data generated in this chapter also have relevance for this thesis' sub-questions regarding civil society's impact on the Bank, the mechanisms of civil society influence, and the effect of civil society on the role of developing country governments.

This chapter clearly confirms that civil society is having an impact on the World Bank. Civil society in the IDA-10 impacted the Bank in a number of ways. Lobbying led the Bank to reinforce or improve the implementation of existing social and environmental safeguards, and to create new development practices, such as the use of poverty-targeted interventions and increased popular participation. Pressure

exercised through donor governments led to the liberalization of the Bank's information policy and the creation of the World Bank Inspection Panel. Some civil society organizations also sought to curtail the size and influence of the Bank and succeeded in reducing its funding. All of these impacts indicate that civil society managed to implement the agendas of at least some stakeholders. Some of these impacts, such as the implementation of the new information policy and the creation of the Inspection Panel, also increased citizen control over the institution. (Exactly how they do so is discussed in more detail in Chapter 5). These impacts substantiate claims made in the literature regarding civil society's influence and indicate that civil society may, in terms of the context and legitimacy framework, be having democratic outputs.

At the same time, these impacts raise questions regarding the mechanisms and distribution of civil society influence. The IDA-10 case featured appeals to the public, like the *New York Times* advertisement; discussions with domestic politicians, like UK parliamentarians; negotiations with the international representatives of sovereign governments in the form of the IDA deputies and Bank Executive Directors; and direct discussions with leaders at the Bank itself. Understanding which of these channels were most effective and why will help address persistent questions in the literature regarding how civil society organizations achieve their impact. It is also important to examine the role of state assistance in successful advocacy as part of addressing concerns raised in the literature regarding civil society's independence.

Determining which civil society organizations used which mechanisms and whether their actions expanded the possibilities for others to use those mechanisms also has bearing on civil society's democratic legitimacy. To the extent that CSO activism made global governance more responsive, civil society can be seen to be expanding the authority of the citizens of the Bank's member states over the policies impacting them. As noted, this would suggest that civil society has democratic outputs. However, to the extent that civil society exploited existing imbalances in power between donor nations or donors and borrowers, or that some civil society actors used exclusive channels to overcome the objections of other CSOs, CSO activism may be seen as advancing political elitism (and thus undermining claims of input legitimacy). The fact that in the latter portion of the IDA-10 campaign a small group of civil society actors managed to promote cuts in the replenishment over the objections of many other civil society organizations makes this question particularly

salient. These questions regarding the mechanisms and distribution of influence will be explored in greater detail in Chapter 5.

Lastly, the data presented in this chapter indicate the importance of this thesis' sub-question regarding civil society's impact on the power of developing country governments. During the 10<sup>th</sup> IDA, organizations from both Bank donor nations and borrower nations claimed to represent the interests of the Bank's stakeholders, particularly those in the global South. Yet the positions of various civil society actors were often contradictory, leading to confusion as to whom organizations actually represented and to whom, if anyone, they were accountable. Moreover, the use of US influence in the IDA-10 indicates that civil society may exploit power imbalances in the international system, utilizing powerful governments to marginalize weaker ones. These issues, and their implications for civil society's capacity to democratize global governance, will be explored in more detail in Chapter 6.

## Chapter 4

### **Principles and Paychecks: Positions and Participation in the IDA-10**

Divisiveness is thoroughly manifest in the 10<sup>th</sup> IDA. Although a large number of actors originally sought to build a loose coalition, the coalition quickly fractured during the post-Narmada controversy over whether to attack the Bank's funding. Nearly every civil society organization staff member interviewed for this research affirmed the presence of significant tensions and disagreements among civil society actors both during and after the IDA-10. According to one informant, organizations are constantly "competing for... funding and publicity". Another, from an NGO with a strong anti-Bank agenda, described the staff of more moderate NGOs as being plagued by an intellectual inferiority complex. A former staff member with one development organization recalls being excluded from meetings with certain colleagues from other civil society organizations after he publicly disagreed with their position on the Narmada Dam.

This chapter examines the divisions that formed between civil society organizations during the 10<sup>th</sup> IDA regarding their policy objectives. The fault lines in the civil society coalition provide an indicator of how civil society organizations choose their policy positions. Identifying such fault lines is also a preliminary step in understanding how and when organizations form alliances. Both these issues have relevance for civil society's capacity to improve representation and inclusivity, both key forms of democratic input, in policymaking. They also help address certain debates in the literature. For instance, as noted in Chapter 1, there is disagreement among authors regarding whether the behavior of civil society organizations is determined by grassroots input, elite agendas, or donor incentives. Understanding how civil society organizations form alliances has relevance for claims that civil society creates new discursive spaces and also for theories regarding network activism. Examining how existing theory is supported or challenged by the IDA-10 data is crucial to answering this thesis' central question of whether data from transnational civil society engagement with the World Bank support the idea that civil society can democratize global governance.

The need to address these areas of the literature is highlighted by certain limits in existing research. As noted in the introduction to this thesis, research on transnational civil society tends to begin by identifying a particularly prominent or successful campaign and working backwards. Those members present at the finish of the campaign are identified and their interests and actions are traced back to their roots. This creates the potential for a kind of victor's history in which seceding partners, discarded ideas, and false starts are overlooked if they played no role in the final victory. The history of the victory becomes conflated with a history of the movement or the issue.

Similarly, in such analysis, data on the desires of affected populations are often provided by civil society actors themselves. Although copious research exists connecting grassroots dissent with the formation of organizations and the execution of activist agendas at the national level, when studying global phenomena the researcher may find tracing the details of the activist agenda back to distant and unorganized stakeholders extremely difficult. Unsurprisingly, most studies of global civil society treat CSOs as reasonable proxies for the grassroots interests of the stakeholders they claim to represent. Naturally the preference is for data from organizations based in a given stakeholder community, but when these are unavailable or when they have been subsumed by an international campaign with an international NGO spokesperson, then statements from large international NGOs are often used. This trend is exemplified by the incorporation of accounts written by NGO staff into academic texts. For instance, Lori Udall of the environmental NGO International Rivers Network is a contributor to Fox and Brown's *Struggle for Accountability* (1998); Bruce Rich of the Environmental Defense Fund has a chapter in Pincus and Winters' *Reinventing the World Bank* (2002); and Jo Marie Griesgraber of the advocacy organization New Rules of Global Finance is an author in *Critical Mass* by Walker and Thompson (2008). Such accounts generally provide excellent detail, firsthand information, and solid analysis. However, it is difficult to imagine that they represent neutral perspectives.<sup>1</sup> Combined with the tendency to sample only those civil society organizations involved in a winning coalition, this practice may create or magnify the impression that transnational civil society is a reasonable representative of stakeholder interest. These limits in the

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<sup>1</sup> It is worth noting that a few efforts have been made to utilize the strengths of practitioner-authored accounts while overcoming their potential bias by inviting input from a variety of competing actors all working on the same issue. Fisher (1995) exemplifies the potential of such an approach.

literature (or its underlying research) may also encourage the impression that global civil society is largely unified or pluralistic. The majority of models, particularly of civil society in an advocacy mode, treat transnational civil society as a unified actor. If it is not treated as globally unified, it is at least regarded as largely united within its Northern or Southern hemispheres or its areas of interest like the environment or human rights (cf. Lipschutz 1992; Payne 1996; and Grzybowski 2002).<sup>2</sup> In these models, activists share a common goal, usually defined in terms of the stakeholders' best interests. Stakeholder interests can be defined clearly and unequivocally, and therefore unanimity in activism is relatively easy to achieve. Dissent, where it occurs, is a function of disagreement over methods, not objectives (cf. Nelson 1997).

Nonetheless, some significant exceptions exist. For instance, Cooley and Ron, in their analysis of service-delivery organizations, find them to be atomized and competitive (2002). Simba and Thom describe North-South relations as extremely hierarchical, rather than a partnership of peers (2000). This chapter explores these disagreements, along with other aspects of the existing literature, in the context of the IDA-10. It finds that during the activism surrounding the 10<sup>th</sup> IDA, ideology and funding worked together to determine the policy positions espoused by different organizations and their decisions to participate in advocacy. Examining the forty-plus organizations involved in the IDA-10, it finds that organizations chose their policy positions largely on the basis of pre-existing ideological interests and at the expense of genuine responsiveness to the borrowing country populations most affected by Bank policy. Material interests often drove the decision to participate in different aspects of the campaign; organizations participated when their participation was externally funded, supported by paying members, or when they expected a return on investment. The result was that neither individual organizations nor transnational civil society as a whole was particularly responsive to the majority of stakeholders. Moreover, tensions over funding undermined incentives towards dialogue, enhancing factiousness.

To arrive at these conclusions, I examined the three explanations given by informants for the divisions within the initial IDA-10 coalition: North-South tensions; ideology; and funding. This chapter tests each of these claims in turn, and finds that a

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<sup>2</sup> That is to say that other authors use as their unit of analysis entire transnational campaigns or sometimes the Northern and Southern halves of such campaigns. In contrast, this thesis uses individual organizations as its unit of analysis, analyzing and comparing organizational behavior in three policymaking processes to develop a composite picture of civil society as a whole.

combination of ideology and funding provides the most convincing explanation of civil society behavior during the IDA-10. It concludes with an analysis of the impacts of these findings on civil society's claims to democratic legitimacy.

### **North versus South**

In 1992, the Forum of African Voluntary Development Organizations prefaced a pro-IDA statement by declaring that Southern NGOs had “reached different conclusions from their Northern counterparts”.<sup>3</sup> Likewise an informant from one DC-based NGO which stayed neutral in the IDA fight shared his impression that Southern NGOs held pro-IDA positions to avoid conflict with their governments. Statements such as these imply a North-South division within civil society. In order to evaluate such statements, however, it is necessary to define the terms ‘North’ and ‘South’. Although commonly used and perhaps deceptively intuitive, the terms can be quite vague references to industrialization, trade connections, geography, wealth, or power. In the case of the World Bank, however, defining the terms is easier: ‘Northern nations’ refers to IDA donors, while ‘Southern nations’ refers to IDA borrowers. This is the definition used in this research, and it seems congruent with the intentions of the informants cited here.

The assumption of difference between donors and borrowers is reflected in the literature on development wherein the gap in wealth and power between Northern and Southern nations is presumed to have an impact on the behavior of each group. Several theories and historical analyses indicate that powerful, wealthy, or industrialized nations will seek to manipulate global systems to maintain their advantage, while weaker nations will seek to ascend to the ranks of the powerful (cf. Wallerstein 1987; cf. Chang 2002).

The language of global divisions has been incorporated into many areas of academic discourse, including political science and social policy. The globality of global civil society is often defined by the mutual involvement of Northern and Southern NGOs (cf. Korten 1998; Florini and Simmons 2000). Keck and Sikkink's boomerang, in which some civil society actors convince their governments to apply pressure to foreign states obstructing the efforts of other CSOs, implies that civil

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<sup>3</sup> World Bank, “Meeting Between IDA Deputies, Executive Directors, and NGOs”, 16 September 1992.

society will use the governments of strong states to change the behavior of weak ones. Their examples consistently feature North interventions in Southern issues.

In spite of participant claims and academic theory, however, there is little evidence of a North-South divide in the case of the 10<sup>th</sup> IDA. The data indicate that while divisions within civil society were real, position-taking on the IDA-10 does not correlate with North-South identity. Although some North-South differences are observed in the positions of governments, no parallel dichotomy is seen within civil society.

### *Divisions among Governments*

The theory that developing nations and industrialized ones have different goals finds some support in the decade prior to the IDA-10. During the global downturn of the early 1980s, the Bank supported lending to developing nations as a means of propping up US exports (Gwin 1994 pp. 40, 43). Starting in the mid-1980s, the United States used the World Bank and the IMF to pursue an explicit agenda of financial and trade liberalization. Other donor nations supported the US emphasis on private-sector growth as an engine for development.

Nonetheless, there is little evidence of widespread support among other donor governments for the broader neo-liberal agenda (cf. Gwin 1994 p. 52). Moreover, by the time of the IDA-10, there was no explicit opposition from Southern governments to either the IDA itself or the structural adjustment lending sometimes associated with it. The economic ideology of the US, embraced by many economists and administrators at the World Bank and IMF had succeeded in reshaping the wider discourse on development. Trade protections and national industries were slowly falling from favor as perceived development best practice shifted towards private-sector led growth. For developing nations, economic reforms such as those promoted by structural adjustment had become a *fait accompli*.

Where Southern governments did object to a perceived Northern agenda was in the area of the environment. Divisions were highlighted by the Rio Earth Summit, held in 1992, and negotiations held in 1993 over the fate of the Global Environmental Facility, a multilateral fund for environmental projects. Southern nations drew a sharp line separating development from the environment and made clear that they wished to

emphasize the former.<sup>4</sup> To many, the focus on the environment was a Northern preoccupation being foisted on the South. According to a Ugandan government representative in Rio, “We don’t yet have big industries. We are lagging so far behind that we don’t talk of industrial pollution. [Development] finance is the most important thing to us”.<sup>5</sup> Developing nations took exception to the way environmental concerns were used to justify the conditions attached to development aid. In the words of India’s minister of environment and forests, “They [the developed countries] say, ‘Yes, we are the major polluters, so we must pay. But now that we pay, we must dictate also’”.<sup>6</sup>

### *Alliances among CSOs*

Although the North-South divide on the environmental agenda was explicit at the government level, it was not as clear within civil society. While Northern NGOs were key players in the global environmental movement, civil society organizations based in the global South were also involved. In discussions of development, the field was even more mixed.

Both Northern and Southern actors attracted media attention for their environmental stances during the period of the IDA-10 negotiations. Greenpeace, prior to the Rio summit, publicly exhorted developing nation governments to embrace environmental preservation.<sup>7</sup> Friends of the Earth joined Greenpeace in using the summit to attract attention to pressing environmental issues.<sup>8</sup> In June of 1992, Environmental Defense Fund and International Rivers lobbied against a hydroelectric project in Malawi, resulting in a ‘no’ vote on the project by the US representative on the World Bank’s board.<sup>9</sup> Some NGOs even went so far as to attack the legitimacy of Southern governments. The Natural Resources Defense Council issued a joint report with Human Rights Watch tying environmental degradation in the developing world to

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<sup>4</sup> See, for example, John Vidal, “Earth Summit: Money the Root of All Change”, *The Guardian*, 4 June 1992.

<sup>5</sup> Eugene Robinson, “At Earth Summit, South Aims to Send Bill North; Developing Nations, Putting Priority on Growth, Say Cleanup Is Possible -- for a Price”, *The Washington Post*, 1 June 1992.

<sup>6</sup> *Ibid.*

<sup>7</sup> Reuters, “Save summit call by Greenpeace”, *Herald Sun*, 28 April 1992.

<sup>8</sup> Rik Turner and Colin Harding, “Minister’s dismissal raises green doubts about Collor”, *The Independent*, 24 March 1992.

<sup>9</sup> Barbara Crossette, “Movement Builds to Fight Harmful Projects in Poor Nations”, *The New York Times*, 23 June 1992.

corrupt or undemocratic government practices.<sup>10</sup> The World Wildlife Fund made a similar claim, linking environmental degradation to a lack of democracy.<sup>11</sup> Such claims could be viewed as implicitly justifying the Northern imposition of environmental conditionalities on Southern governments.

However, Southern NGOs were also involved in environmental claims at Rio. At Rio, the Third World Network and the Forum of Brazilian NGOs partnered with Greenpeace and Friends of the Earth in working to attract media attention to environmental concerns.<sup>12</sup> In 1993, Narmada Bachao Andolan issued strong attacks on the environmental impacts of the Sardar Sarovar project. Local environmental NGOs in places like Indonesia and India were also critical of their own governments.<sup>13</sup>

Although Southern nations were receiving the Bank's development aid, development was not exclusively a Southern issue. The statement of the NGO Working Group on the World Bank in October 1992, referenced in the previous chapter, closely echoed the development versus environment sentiment articulated by Southern government representatives in Rio four months prior. However, it was signed by eighteen NGOs based in donor nations as well as fourteen from developing nations. Some Northern NGOs also displayed a mix of environmental and development priorities during the 1993 US Congressional hearings on the World Bank and 10<sup>th</sup> IDA. American NGOs like Friends of the Earth, Environmental Defense, and the National Wildlife Federation pushed for a reduction in the World Bank's power and funding, and stressed the Bank's negative environmental and social impacts. Yet other US-based organizations like Interaction, Church World Service, and CARE joined the Africa-based FAVDO in stressing the importance of the IDA for the development of poor countries and the welfare of their citizens.<sup>14</sup>

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<sup>10</sup> Ibid.

<sup>11</sup> Barbara Crossette "The Earth Summit: What Some Preach in Rio Is Not What They Practice at Home", *The New York Times*, 15 June 1992.

<sup>12</sup> Rik Turner and Colin Harding, "Minister's dismissal raises green doubts about Collor", *The Independent*, 24 March 1992.

<sup>13</sup> Barbara Crossette "The Earth Summit: What Some Preach in Rio Is Not What They Practice at Home", *The New York Times*, 15 June 1992.

<sup>14</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993; and hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

### *A North-South Division?*

The existence of a North-South divide at the government level over environmental conditionalities and development lending gives credence to the notion of core-periphery divisions in international policy-setting. However, there is no clear evidence of division within civil society along North-South lines on the issue of the environment versus development. Although the environment was seen as a Northern issue in intergovernmental debates, some civil society actors from the global South supported environmental positions. At the same time, many civil society organizations from the global North prioritized development over the environment. No other issue shows a strong North-South divide at either the government or civil society level. This lack of clear North-South divisions effectively negates the idea of geography as a source of GCS division or a consistent driver of CSO policy-making during the 10<sup>th</sup> IDA.

### **Ideology and Mission**

The idea of ideology as a driver of civil society divisions resonates strongly with the statements of the interviewees for this thesis. The NGO staff interviewed for this research were quick to associate the policy positions of their organizations with a particular set of values, such as the preservation of life, social justice, or environmental conservation. Where such association was not explicit, it was often implicit in the examples staff gave of either Bank malfeasance or positive Bank contributions to development or in the ways in which they contrasted their organization with other organizations.

Civil society leaders, along with outside observers including former staff from the World Bank and US Treasury, described two main groups of NGOs, identified by their mission: environmental and development NGOs. Some observers also delineated a third group of faith-based organizations or justice advocates. This section will discuss each of these groups in turn.

### *Environmental Organizations*

There is little question that environmental NGOs formed the core of the anti-replenishment faction which emerged midway through the IDA process. The most prominent members were the Environmental Defense Fund, Friends of the Earth, and the National Wildlife Federation. These organizations took the lead in lobbying policymakers and testifying before Congress. Other organizations played supporting

roles. The Sierra Club signed the *New York Times* advertisement which threatened the IDA cuts if the Narmada Dam project was not cancelled and joined its name to statements made before Congress made by Bruce Rich of EDF. However, when a representative of the club testified before the Senate she made no mention of IDA cuts and stressed only the importance of funding to aid family planning.<sup>15</sup> The Center for International Environmental Law (CIEL) was involved in work on the Inspection Panel. Greenpeace had some involvement, but was more focused on the Global Environmental Facility; the Natural Resources Defense Council likewise focused most of its attention on energy policy and resource management, although it did send a representative to the Congressional hearings headed by Barney Frank. Rainforest Action Network and Greenpeace are cited in BIC documents but appear to have had only minor roles in events.

These organizations varied widely in their methodologies and the ways in which they prioritized issues. However, they were all advocacy organizations focused on the environment. In general, their environmental ideology was one of conservation. Their advocacy efforts focused heavily on preventing the depletion of natural resources, particularly woodlands.<sup>16</sup> Ending the construction of coal-fired power plants and promoting improved end-use efficiency as an alternative to new power generation were also core elements of their agenda prior to the IDA-10. They attacked hydroelectric power as well: in addition to opposing the Narmada project, Greenpeace, FoE, EDF, and others worked with the International Rivers Network<sup>17</sup> in opposing the Yacyreta dam in Argentina in September 1992.<sup>18</sup> In all of these causes, the environmental NGOs stressed the human consequences of environmental degradation. They noted the impact of forced relocation on human well-being, the ways that the loss of forest cover or fishable rivers could destroy livelihoods, and the potential for dam

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<sup>15</sup> Hearings before a US Senate subcommittee of the Committee on Appropriations, on Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1994, 15 June 1993.

<sup>16</sup> Fax from Korinna Horta of EDF to BIC, "Indications of how IDA fails to meet its basic objectives of poverty alleviation and environmental protection", 9 October 1992. Also letter from Raymond Mikesell, Economic Advisor to the Sierra Club International Program and Larry Williams, Washington Director, Sierra Club International Program to George A. Folsom, Deputy Assistant Secretary, International Development, Debt and Environment Policy, US Treasury, 10 September 1992.

<sup>17</sup> International Rivers Network (IRN) is an NGO opposing "environmentally destructive" dams. Lori Udall, the staff lawyer who led EDF's Narmada campaign, became Washington Director for IRN in 1995.

<sup>18</sup> Fax from Kay Treakle to "Tuesday Group Contacts" of US environmental NGOs, plus global northern partners, "Letters to World Bank Executive Directors Needed on Yacyreta", 9 September 1992.

reservoirs to spread malaria and waterborne diseases. However, they tended to focus on the social consequences for those populations most immediately and most negatively affected by large-scale development. The individual rights of project-affected people were prioritized over the development concerns of regional or national populations. While some organizations stressed ‘sustainable development’ or alternative solutions to power needs, the general emphasis seemed to be on preventing harm rather than advancing development.

The emphasis on ‘don’t’ rather than ‘do’ could be dismissed as the reflexivity common to many advocacy organizations.<sup>19</sup> For some of the civil society organizations involved, however, it represented an ideological opposition to the very idea of development. In his book *Mortgaging the Earth*, published just after the IDA campaign, Bruce Rich of EDF described economic development and industrialization as misguided efforts rooted in European Enlightenment thinking and antithetical to most of human experience. Technological advancement, he wrote, was driven by the desire to subdue and dominate one’s natural surroundings, while economic development was rooted in the pursuit of wealth (1994 pp. 210-2). Drawing on the work of anthropologist Marshall Sahlins, Rich noted that “poverty is socially produced... through the process of economic development itself,” and concluded that “primitive, non-Western modes of living are largely superior to modern ones” (1994 pp. 203, 240-1).

This value for “local knowledges [sic]” and traditional lifestyles helped justify the support of project-affected communities over the development interests of the larger population (Rich 1994 p. 241). Skepticism about pro-development forces in the global South was manifested in environmental NGOs’ challenges to the plans of even democratic Southern governments. For instance, the World Wildlife Fund declared that donors had a responsibility to see that funds went to “the sector that needs it most” regardless of government wishes, because “we can’t pass a country through a filter and see [if] it is democratic or not”.<sup>20</sup> Even more strikingly, the environmental actors stressed the importance of population control as a necessary element of environmental preservation. This view was laid out most clearly by Nancy Wallace of the Sierra Club

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<sup>19</sup> This potential for reflexive opposition was noted by one member of Bank who regularly engaged with civil society.

<sup>20</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

in her Congressional testimony, in which she stated “that a rapid end to population growth around the world... is an essential part of any effort to protect our environment”.<sup>21</sup> Thus, while environmental actors were genuinely interested in social welfare, they seemed to preference the needs of a specific community or local ecosystem over the interests or desires of larger developing world populations.

The combination of environmental conservation, development skepticism, and delegitimation of competing interests was well reflected by the sole Southern NGO to take an active part in campaigning against the IDA-10 replenishment. Narmada Bachao Andolan (NBA), or Movement to Save the Narmada, might best be described as an issue-based organization, created in 1989 to protest the Narmada project. Although NBA stressed the human consequences of the project, it also emphasized the ecological costs of the dams and the ways indigenous culture might be lost if the dams were built (see Mehta 1992 and NBA documents submitted to Congress<sup>22</sup>). Critics charged that, in its quest to halt the Narmada dams, NBA even exacerbated the human consequences of the project by interfering with government attempts to offer project-affected people new resettlement terms (see Gill 1995; Patel 1995). NBA also challenged the government’s agenda of economic development, even when benefits of development were shared with the Narmada Valley peoples through promises of jobs or cash compensation. NBA characterized the faith of valley-dwellers in the government as naive, but even NBA’s leader recognized that locals might see the organization as “intent on keeping [material wealth] out of their reach through alien concerns” (Mehta 1992). Lastly, NBA sought to privilege the interests of the Narmada Valley peoples over those of the surrounding population. NBA opposed the Narmada project in part because it believed that “an overwhelmingly large part of the power benefits will go to the cities, the rich farmers, and the industries” (Dharmadhikary 1992 pp. 141-2). Instead of privileging such interests, NBA argued that the World Bank “should respect the primacy of poor people”.<sup>23</sup>

Their value for conservation and their opposition to large-scale development made environmental organizations logical opponents of the IDA-10 replenishment. The International Development Association was the World Bank’s primary means of lending to the world’s poorest countries, many of which had large rural populations or

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<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> World Bank, “Meeting Between IDA Deputies, Executive Directors, and NGOs”, 16 September 1992.

relatively large amounts of wilderness. On the one hand, IDA had a track record of supporting some of the projects most derided by environmentalists, including commercial forestry programs, power plant construction, and hydroelectric dams. On the other hand, it was an instrument of the Bank's overall agenda of development, which focused on economic indicators and had become increasingly neo-liberal. Their suspicion of industrial development and their desire to protect the rights of the rural poor enabled environmental actors to ignore claims from Southern governments or civil society about the importance of Bank funding. In this light, the more subtle efforts made to institute a reform agenda earlier in the IDA-10 cycle might be seen as a pragmatic compromise. Environmentalists recognized the popularity of IDA and initially were reluctant to oppose it outright. Incremental reform seemed a better goal until outrage and frustration over the continuation of the Narmada project prompted a more radical course of action.

### *Compromises in Ideology?*

Not all environmental groups opposed the IDA-10 replenishment. The Bank Information Center stayed neutral despite its explicit environmental bent. However, this was not necessarily a contradiction of its environmental values so much as their subordination to another purpose. Although BIC was environmentally inclined, its primary mission was to act as a clearinghouse for information for all NGOs. It worked more closely with anti-IDA environmental NGOs than with other groups, but explicit partisanship might have jeopardized its core mission. In an interview for this thesis, a source familiar with BIC's activities stressed that the organization did not itself engage in lobbying donor deputies or Bank EDs, although it did arrange meetings for others to do so. This account is confirmed by staff associated with the donors and the Bank.

The Natural Resources Defense Council also demonstrated a similar pattern. The NRDC had worked closely with the Sierra Club on the Pelosi Amendment and during the IDA-10 it partnered with EDF, NWF, and Friends of the Earth. However, its core issues were reform of the Bank's energy policies and forestry lending; broader issues of governance reform at the Bank were secondary priorities.<sup>24</sup> It was involved only at the periphery of the IDA battle, although it testified before Congress in May 1993. Echoing the sentiments of other environmental representatives, Glenn Prickett,

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<sup>24</sup> Author's interview with Glenn Prickett, Senior Associate, International Programs, Natural Resources Defense Council, by phone, 25 April 2008. Hereafter: 'Interview: Prickett'.

a senior associate in NRDC's environmental program, said that "our interest [in these hearings] is for sustainable development and environmental preservation." He highlighted the Bank's "very spotty" record of implementing environmental policies and argued that the Bank should enforce environmental conditions equally on both democratic and undemocratic borrowing nations.<sup>25</sup> Because Treasury proposals for Bank reform reflected the NRDC's priorities, the NRDC agreed to support the full IDA replenishment if a reform agenda could be agreed. Although this deviated somewhat from the anti-IDA position that called for withholding funding until after such an agenda was implemented, the NRDC still proposed benchmarking and verifying the Bank's progress.<sup>26</sup> The group continued to be well regarded by other environmentalists, who saw it as pursuing a more specialist agenda.

Greater ire was reserved for the World Wildlife Fund, which deviated more significantly from the line pursued by other environmental organizations. EDF, NWF, and FoE coordinated many of their lobbying positions and often borrowed from one another's research, particularly when one organization had a superior network among some project-affect population or better connections to potential overseas partners. The World Wildlife Fund, however, had conducted its own independent research on issues of sustainability and structural adjustment. It maintained its own ground-level contacts; it formulated its positions independently. While WWF promoted sustainability and, like other environmentalists, questioned the legitimacy and efficacy of Southern governments, it did not support the anti-IDA agenda. To the contrary, David Reed, director of WWF's International Institutions Policy Program, wrote to the US Treasury that WWF felt that it was necessary to "reinforce the contribution of IDA resources".<sup>27</sup> WWF's position stressed poverty alleviation, public accountability, and changes in structural adjustment policy, with relatively little space devoted to environmental conservation. Reed's testimony before Congress in May 1993 reinforced this position. He noted that "it is crucial to ensure the uninterrupted flow of IDA resources to alleviate poverty and to prevent further poverty-induced

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<sup>25</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>26</sup> *Ibid.*

<sup>27</sup> Fax from David Reed, Director, International Institutions Policy Program, WWF to George A. Folsom, Deputy Assistant Secretary, International Development, Debt and Environment Policy, US Treasury, 3 September 1992.

environmental degradation”.<sup>28</sup> Although WWF did support using IDA funding to leverage change at the World Bank and supported some conditionalizing of that funding, the WWF proposal was much more sophisticated than that of other environmental groups, proposing benchmarks and timelines which could facilitate the full disbursement of funds.<sup>29</sup> Because it was a prominent environmental NGO taking a moderate position on the Bank, WWF was, in the words of one senior NGO staffer interviewed for this research, the “biggest problem” obstructing a unified environmentalist position.

In short, the efforts of the majority of environmental actors to impede or eliminate IDA funding show a great degree of consistency, and strong logical links between ideology and the resulting policy positions. The core organizations involved shared a strong emphasis on environmental conservation which led them to oppose many development initiatives. This trait was reinforced by a willingness to question the very concept of development and by the delegitimation of competing views. At the same time however, not all environmental organizations developed anti-IDA policies. Some environmental organizations, particularly the World Wildlife Fund, shared some of the dominant environmental perspectives and values but instead chose neutral or pro-IDA positions.

### *Development Organizations*

Development NGOs involved in the 10<sup>th</sup> IDA ranged from service-delivery organizations to advocacy groups. The most active were Bread for the World, Church World Service, Lutheran World Relief, Interaction, and Oxfam-GB. These were joined by a host of other organizations, including US and European-based actors like CARE and NOVIB, and numerous parties from the developing world, such as the Malaysian-based Third World Network and the Inter-Africa Group.

The sheer diversity of these groups makes it difficult to identify a core set of values. Bread for the World was a faith-based advocacy group that only became involved in the IDA in mid-1993. Church World Service and Lutheran World Relief were two faith-based service-delivery organizations which shared a Washington, D.C.

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<sup>28</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>29</sup> Ibid.

advocacy office. Interaction was an advocacy group tasked with representing the interests of US-based providers of both development and relief services. It functioned primarily as an industry lobby. Oxfam-UK was a service-delivery NGO that was developing an international advocacy agenda as a means of supporting its operations and local partners in developing countries. Among these organizations, positions originated in moral conviction, pragmatism, and even self-interest. Organizational types varied widely and communications between organizations were sometimes limited.

The Southern organizations involved often had a local or regional focus. Some focused on a single country or even, like Bolivia's Centro de Investigacion y Promocion del Campesinado, focused on a particular group or need within that country. Others, like the Forum of African Voluntary Development Organizations (FAVDO) and the Inter-Africa Group, represented the positions of numerous civil society organizations within a region, most of which focused on a single country or group. A few, like the Third World Network, worked on regional issues of advocacy. While all these groups advanced some sort of advocacy agenda, most had begun as service-delivery organizations. Their advocacy operations could be seen as driven by either principles or a pragmatic need to support their ground-level work.

The two values which seemed shared by all development organizations were a concern for poverty alleviation and a desire to empower the poor. Unlike some environmental NGOs, development organizations believed that poverty was real and objective, not just socially constructed or relative. Some had been involved in the effort to develop and popularize the new metrics of poverty measurement mentioned in the previous chapter. For others, particularly the highly professionalized service-delivery NGOs, identifying and addressing poverty was an essential part of their business model. For the representatives of Southern organizations, poverty was an inescapable reality of their daily lives in their home countries.

The value for empowering the poor derived from a combination of principle and pragmatism. As noted in the previous chapter, research done in the 1970s and 1980s had shown the value of local contributions and ownership to improved project performance. Some of this research had been generated by development NGOs. This practical approach was tied to a variety of principles, including democracy and local control. Support for local control over development was common among the Southern civil society groups involved in the IDA, but it was also shared by some influential

development NGOs. For instance John Clark, who spearheaded Oxfam-UK's effort on the IDA-10, had also authored a prominent text on the subject, *Democratizing Development*, in 1991.

The overwhelming majority of development NGOs supported full replenishment of the IDA. In October 1992 the NGO Working Group on the World Bank, representing more than twenty development organizations, expressed its "deep and abiding concern about the inadequacy of funds on concessional terms being made available by the North to tackle poverty in the South," a situation which would be exacerbated by "cuts in real terms under the current round of negotiations for the IDA-10".<sup>30</sup> This sentiment was echoed by those NGOs testifying before Congress. CARE, a venerable and extremely large service-delivery NGO, described the IDA as "the largest and most important single source of concessional development capital for the poorest countries".<sup>31</sup> David Beckmann, president of Bread for the World, even used the opportunity of an IDA hearing to call for a general increase in US foreign aid.<sup>32</sup>

Their interest in empowerment prompted development NGOs to include frequent reference to popular participation in their agendas for Bank reform. Although environmental NGOs sometimes also advocated for popular participation, their version was more likely to include "interested NGOs" among the stakeholders to be consulted by the Bank on new projects and policies. In contrast, the development policy on participation often omitted such language and instead emphasized populations. In a striking gesture, InterAction even invited a representative of the Forum of African Development Organizations (FAVDO) to testify on its behalf during the May Congressional hearings. The representative, Lisebo Khoali-McCarthy, spoke for both FAVDO and InterAction, calling for "greater participation for grassroots people, and their different organizations."<sup>33</sup>

In general, support for the 10<sup>th</sup> IDA was more consistent among development NGOs than opposition was among environmentalists. There were several development

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<sup>30</sup> Letter from Mazide N'diaye, Co-Chair, NGO/World Bank Working Group, to Lewis Preston, President, World Bank, 30 October 1992.

<sup>31</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>32</sup> Hearings before US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>33</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

organizations, particularly some of those that signed the Irish NGO position statement in Dublin in July 1992, which took an initial position calling for Bank reform but never followed up with a clear position for or against the IDA replenishment. However, given the relatively limited advocacy capacities of most development organizations in the early 1990s, such silence most likely resulted from lack of resources, such as staff time or travel funds. Only one development NGO, the Ireland-based Catholic group Trocaire, took a more aggressively critical stance. As noted in Chapter 3, it issued several strong anti-Bank statements in July 1992. Like the other Irish NGOs, however, there is no evidence that Trocaire was involved later in the replenishment process when cancellation of the IDA was being discussed more explicitly.

### *Faith-based Organizations*

To limit a values-based typology of the civil society organizations involved in the 10<sup>th</sup> IDA solely to environment and development would make for a rather blunt parsing. It would ignore the role of faith-based organizations, which had quite distinct ideologies. Numerous faith-based organizations were involved in the IDA-10 process. The Columban Missionaries, the Irish Missionary Union, and the Church of Ireland Bishops' Appeal all lobbied IDA deputies in Dublin. The Aga Khan Foundation and the US-based Islamic African Relief Agency signed the NGO Working Group letter. Bread for the World and Church World Services, already described as development NGOs above, also represented faith perspectives.

In general, the driving principles of these groups appear to have been social justice, specifically a concern for the well-being of the most disadvantaged and least empowered people in their areas of service. A statement from the US Catholic Conference of Bishops, for instance, denounced structural adjustment on the basis that "it is the poorest of the poor who suffer most" from its effects.<sup>34</sup>

Such concerns, however, did not seem to have manifested themselves in a consistent set of policy positions or consistent participation in the policy process. Some of the faith-based organizations involved in Dublin went silent after the IDA deputy meeting there. Several which were also members of the NGO Working Group amended their earlier criticisms in October, signing the NGOWG's pro-IDA letter.

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<sup>34</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

The US Catholic Conference of Bishops, which had earlier supported environmental causes, submitted Congressional testimony in favor of the IDA.

One informant asserted that faith-based groups involved in the IDA aligned themselves with whichever of the two major camps, environment or development, was more persuasive. Presumably, this meant whichever side made a better case for the social justice benefits of its agenda. While environmentalists were successful in making this case earlier on, the potential cancellation of the IDA changed the stakes of the game, pushing some faith-based groups to realign themselves with development activists. The only faith-based groups to hold consistent positions on the Bank and on IDA were those, like Bread for the World and Church World Service, with a standing interest in development.

### *An Ideological Divide?*

A strong correlation exists between the ideological categories presented here and the related organizations' positions on the 10<sup>th</sup> IDA replenishment, at least with regards to the environmental and development categories. The idea that an organization's policy positions should be driven by its ideology or mission was also the perspective preferred by most of the informants for this research, particularly for explaining their own actions. Moreover, the concept also has a certain intuitive merit: environmental organizations should, it would seem, care more about the environment and development organizations should prioritize development.

Closer examination, however, reveals several pitfalls in this argument. First, the actual details of each organizational category are somewhat vague. Descriptions like "environmentalist" and "development advocate" are superficial at best. Such categories were not defined by an external standard or via a communal agreement on the part of the organizations using them, nor did they represent tenets that were collectively enforced. Instead, the shared values highlighted in this section represent the lowest common denominator among the self-selected members of these groups, i.e. those values most commonly held, not those which were most important to each organization. Thus NGOs like the World Wildlife Fund, the Bank Information Center, and the Natural Resources Defense Council could hold to some or all of the shared tenets of the environmentalist view and yet select disparate policy positions which nonetheless reflected the core priorities of each organization. WWF favored economic development as a means of conservation; BIC valued political neutrality that could

allow it assist more organizations; and the NRDC prioritized energy issues over other environmental causes. Vague interrelation was even more pronounced in the development category, the members of which varied widely in their scope of activities and locus of work. Their shared focus on poverty alleviation and popular participation was extremely narrow considering the myriad other issues, ranging from structural adjustment to women's empowerment, on which many development organizations were engaged. The faith-based designation is extremely loose. It is a necessary designation, given that many of the organizations involved in the 10<sup>th</sup> IDA fit into no other grouping, but membership in the category overlaps with others and manifests few consistent policy positions.

Second, although informants would define their organizations as environmentalist, development-oriented, or faith-based, those informants who used the language of values to explain the policy positions of their organizations most often spoke of a concern for human well-being, not for the environment, development, or faith. Bruce Rich, for instance, traced some of his involvement in Narmada to a personal trip, accompanied by NBA leader Medha Patkar, to meet project affected people in the Narmada Valley.<sup>35</sup> Development groups used a similar emphasis, sometimes made even more poignant by the greater number of Southern spokespeople within the development category.

Third, the parsing does not explain all of the observed civil society behavior. It does not account for WWF's deviation from the environmental line. Moreover, it does not explain why so many non-US organizations ceased to participate later in the policy process. WWF notwithstanding, ideology may be a good predictor of an organization's policy preferences, but not necessarily of its choice to participate in or withdraw from advocacy.

To the extent that ideology does drive policy formation, the findings cast doubt on organizations' representivity. The ideologies and interests discussed here, for most organizations, predated the IDA-10. These pre-existing views allowed groups to reinterpret or filter local demands, or paternalistically determine local populations' 'best interests' while ignoring their stated desires. Despite their shared value for human well-being, development and environmental groups chose quite divergent positions on the most salient issue of the 10<sup>th</sup> replenishment, funding for the IDA itself.

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<sup>35</sup> Author's interview with Bruce Rich, 19 February 2008, Washington, D.C.

It seems likely that groups in each category viewed human well-being through the lens of their particular ideology, with environmentalists believing that well-being could be best met through conservation and development groups believing it would be best met through development. It is difficult to know which understanding, if either, reflected the desires of the people affected by the policy.

### **Funding**

A final possible parsing offered by IDA-10 participants was material interests. Informants suggested that civil society organizations selected their policy positions in accordance with their financial incentives. A source at one development advocacy organization, for instance, suggested that the seeming divide between environmental and development organizations was, in fact, predominantly a divide between advocacy groups and service-delivery organizations. The former, funded primarily by foundations or member donations, were able to take more radical reformist positions than the latter, which relied on flows of aid funding. This opinion was echoed by staff at certain environmental NGOs who accused development organizations of being motivated by financial gain. The data, however, indicate a more nuanced reality. It suggests that nearly all of the organizations involved in the IDA, including both service-delivery and advocacy NGOs, had financial incentives to advocate for the policy positions they promoted. In some cases, particularly among advocacy groups funded by foundations, donors made explicit indications of the policy positions they wished their funds to support or facilitated the participation of CSOs whose stated aims aligned with those of the foundation. In other cases, such as groups receiving funding from the government or members, there was less direct pressure to assume an explicit position. Nonetheless, the organizations had a strong interest in preserving the possibility for future funding or the loyalty of current donors. It is unclear that funding drove the policy preferences of most actors, but it may have been instrumental in defining the agendas of some. Moreover, it appears to have been a key driver of participation, thus determining the matrix of organizations lobbying on the IDA.

### *Correlating Funding and Policy*

If funding and advocacy are correlated, one would expect that civil society involved in the IDA would fall into three general categories: NGOs dependent on funding from governments or intergovernmental organizations, who back government or IGO

positions or advocate for greater IDA funding; foundation-funded organizations which back the aims or agenda of the foundation or foundations funding them; and member-supported organizations whose positions reflect the desires of the majority of their members. Such a categorization matches almost perfectly with the divisions observed in IDA-10 lobbying. Organizations like Oxfam, CARE, and the World Wildlife Fund, which received some or all of their funding from bilateral and multilateral, gave unanimous support to the IDA-10. Organizations like Environmental Defense Fund, Friends of the Earth, National Wildlife Federation, and the international advocacy arm of the Sierra Club had all received foundation funding for international environmental advocacy and the reform of multilateral development banks; all organizations with such funding opposed the IDA. Member-funded organizations divided according to the interests of their members: Greenpeace, Rainforest Action Network, and National Wildlife Federation (which received more funding from members than foundations) were supported primarily by American environmentalists and took anti-IDA pro-environmental positions. Narmada Bachao Andolan was funded by dam opponents in India and opposed the IDA which was helping fund the dam. Bread for the World, along with the US Conference of Catholic Bishops and other faith groups, were supported by members interested in social justice and supported IDA funding as a means of helping the poor.

### *Claims of Causation*

The idea of a causal relationship between organizational funding and position-taking was elaborated upon by several informants. One anti-IDA environmentalist used funding to explain the divisions among environmentalists, noting that “the big project-oriented NGOs like World Wildlife Fund, Nature Conservancy International, and Conservation International... looked to the Bank as a funder for their projects and that kind of thing. So they were never particularly strong advocates [for reform]”. A senior staff member at Friends of the Earth, likewise noted perennial “tension” between activist organizations like FoE and organizations focused on ensuring that sufficient money is given for development. Organizations who received funding from aid were thought to oppose the cuts even if they did not receive direct funding from the World Bank, because they believed IDA cuts could precipitate a more general decline in US aid levels. As one environmentalist involved in the IDA-10 recalled:

These groups were afraid to criticize the World Bank, even though they might have lots of criticisms, and their fear was – and they managed to paint themselves into a corner of total political impotence or political correctness in my view – because they... they were reluctant to come out publicly and say critical things about the World Bank, or be too critical because they were afraid that would play into the hands of the right wing, the Reaganites, etcetera who didn't like foreign aid.

Thus concerns about both direct funding and the long-term future of aid played a role in some organization's agendas.

Although some of these claims came in the form of critiques from anti-IDA activists, they were validated by aid organizations and their allies. InterAction represented over 150 US development and relief NGOs during the IDA-10. It sat on the NGOWG and had worked with World Bank staff in 1990 on the reform of the Bank's participation policies. Its representatives were also invited to meetings with US legislators and to testify in Congressional hearings. According to one source involved with the organization, the most commonly held concern among its members during the IDA-10 time period was funding. Maintaining funding required a steady flow of aid dollars.

Moreover, the anti-IDA activists who speculated on the financial motivations of service-delivery organizations were themselves subject to financial pressures. One informant stated that environmental activists, including the core groups opposing the IDA, are continually "competing for money, funding, and publicity". Conflicts never became public, but during at least one episode in the early 1990s they escalated to the point where activists from one environmental organization sought to co-opt the support of their competitors' donors and draw away their funding. Another civil society member noted that foundation donors rewarded vigorous advocacy. One anti-IDA leader, the informant joked, seemed to be "paid by the column-inch" for the press coverage he generated.

In the case of member-funded organizations, the advocacy agenda was decided by or affirmed by members. NBA was supported by Indian donors, although the organization itself admits that these were not necessarily the project-affected people in the Narmada Valley it claimed to represent.<sup>36</sup> NWF and Bread for the World had

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<sup>36</sup> Ashish Mandloi, Sanjay Sangvai, Devrambhai Kanera, Manglya Vasave, Kamala Yadav, and Medha Patkar, "NBA Responds to Inquiries on Foreign Funding", *The South Asian* (thesouthasian.org), 9 July 2006.

annual meetings at which members could vote as well as regular correspondence with members. Greenpeace did not have such democratic agenda-setting processes, but its very public position-taking created a clear brand that members chose to support. Faith-based organizations were also member-supported, either directly by congregants or individual donors or indirectly via a denomination. They had a clear brand identity of their own: an adherence to faith tenets which set them apart (in either principle or practice) from secular organizations (cf. Pallas 2004).

#### *The Charles Stewart Mott Foundation*

The Charles Stewart Mott Foundation had a particularly strong effect on the IDA-10. Mott provided funds to all of the core anti-IDA campaigners, i.e. Environmental Defense Fund, the National Wildlife Federation, and Friends of the Earth, as well as the Bank Information Center, which arranged meetings and disseminated information on the others' behalf. Typically organizations engaged in advocacy themselves initiate contact with potential funders, seeking grants to support the advocacy organizations' existing agendas. In this case, however, Mott sought out these environmental actors as part of a strategic agenda developed at the foundation.

According to Maureen Smyth, who served as the program officer for these grants during the IDA-10 and is now a senior vice president at the foundation, Mott developed its strategic vision for environmental reform in the late 1980s. The foundation was engaged in a planning process for its environmental program and hired a consultant to examine the program's direction. The consultant identified a window of opportunity in international environmental policy, particularly with certain American environmental NGOs which were beginning to realize that they could influence the international environmental agenda by influencing the World Bank. Mott concurred with this belief that influencing the Bank could influence global environmental policy.

Acting on this conclusion, Mott initially provided funds to the Environmental Defense Fund (EDF), Natural Resources Defense Council (NRDC), National Wildlife Federation (NWF), the Sierra Club, and Friends of the Earth (FoE). All of these organizations were putting pressure on the World Bank to stop funding projects that had negative environmental and social impacts. These NGOs had already begun lobbying the Bank on their own, but Mott was an early funder of their efforts.

According to Smyth, “We saw that putting some early foundation money in this area could make a difference.”<sup>37</sup>

Mott also funded the Bank Information Center (BIC) after it was established by Chad Dobson in 1987. BIC’s mission was to provide Bank information to NGOs in less developed countries. BIC played a coordinating role, and used the environment as a “hook” to create an international movement of networked NGOs.<sup>38</sup>

The descriptions of Mott’s grants correspond closely to the actions taken by the organizations. According to Glenn Prickett, the NRDC’s primary foci were forestry and energy policy. Within energy policy, the group was focused on end-use efficiency, i.e. reducing energy consumption as an alternative to building new power plants.<sup>39</sup> The descriptions of Mott’s forty-thousand dollar grants to the NRDC in 1990 and 1991 specified that the money would fund a project to “prevent... unsound projects in the energy sector of the Multilateral Development Banks” and “substantially increase the proportion of development assistance provided for conservation, end-use efficiency, and other alternative investments in the energy sector”.<sup>40</sup> Differences between grants to BIC and EDF also reflect their different activities. BIC grants specified that Mott was “helping the Bank Information Center to expand its capacity to track multilateral development bank projects and distribute that information”<sup>41</sup>. Funding to EDF was to support its efforts to “promote structural and policy reforms in multilateral development banks and the International Monetary Fund so that they cease funding ecologically destructive policy and projects”.<sup>42</sup> Admittedly, the exact language of these grants was presumably written by the organizations themselves, even if Mott encouraged them to submit requests, and staff at some of these organizations note that they would have pursued these goals without Mott funding. Nonetheless, the history of Mott’s involvement indicated that Mott’s funding was reflective of the foundation’s strategy rather than a serendipitous clustering of grant requests. As the description of one of Mott’s grants to Friends of the Earth notes, it is “one of a cluster of grants aimed at improving multilateral development bank

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<sup>37</sup> Interview: Smyth.

<sup>38</sup> Interview: Smyth.

<sup>39</sup> Interview: Prickett.

<sup>40</sup> Charles Stewart Mott Foundation, “Mott Grants, Program Area: Reform of International Finance and Trade, 1990-1994”. Database print out, prepared 22 May 2008. Provided to the author by the foundation.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

lending policies and practices so that they are environmentally sustainable and socially equitable”.<sup>43</sup>

Mott funds also helped develop the support of non-US actors for MDB reform. Three grants to Friends of the Earth, given in 1991 and 1992, specify that the money is to be used to “strengthen multilateral development bank campaign activities in Japan” and for “outreach to Third World groups”.<sup>44</sup> Environmental Defense Fund was likewise given funds to “empower Third World nongovernmental organizations to monitor, influence and change internationally financed development projects”.<sup>45</sup> A source at the National Wildlife Federation, which received strong support from members, noted that the organization also passed some of its Mott funding on to overseas partners. Relatively few groups outside of the US environmental movement opposed the IDA or took strong reformist positions; the implication is that the activities of some of those who did was facilitated, cultivated, or amplified by Mott funding.

#### *A Principal-Agent Relationship?*

There is also evidence of a principal-agent relationship between Mott and its grant recipients. There are multiple variations of principal-agent theory. At its core, however, it describes a relationship between one party (the principal), generally with greater resources or authority, and a second party (the agent) tasked to achieve a specific goal. The performance of the agent determines whether the principal achieves his or her goals, but the principal lacks direct control over or immediate information on the agent’s behavior. Therefore the principal imposes a system of incentives on the agent designed to promote the desired outcomes (Miller 2005 pp. 204-6). There is no doubt that Mott funding supported a substantial portion of the anti-IDA activism during the 10<sup>th</sup> IDA or that Mott was pursuing its own strategic agenda. The question of a principal-agent relationship, however, examines the extent to which Mott funding influenced the behavior of the groups involved.

Several of the groups involved insist that Mott had little control over their actions: “they had no influence whatever on us [the Mott-funded environmentalists],” asserted one senior staffer, because “the people working on these issues [were] strong-

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<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

willed and professional”. Nonetheless, there are several indications that Mott had a principal-agent relationship with its aid recipients, leading them into behaviors they would not have undertaken on their own in order to facilitate the outcomes Mott favored. These include coordinated policy-setting on the part of grant recipients and the initiation of new activities in response to Mott requests.

Coordinating policy: All of the civil society informants interviewed for this research were asked about their relationships with other civil society actors and the extent to which they coordinated policy positions or lobbying activities with like-minded organizations. Only the core group of environmental activists, EDF, NWF, NRDC, Friends of the Earth, and the Sierra Club, reported regular meetings to coordinate policy and tactics. As noted earlier, the groups shared information among themselves and would allow the members best informed about a particular policy or project to influence the position of the coalition as a whole. Thus the impact of any given organization in this coalition could be multiplied five-fold. The groups also used coordination to magnify their political footprint. For instance, when Bruce Rich of EDF spoke before the Senate hearing on the IDA-10 replenishment in June 1993 he spoke on behalf of the Sierra Club and NWF as well. He began his testimony by reminding the senators present that these three organizations “have more than 5.7 million members and supporters nationwide”.<sup>46</sup> In an earlier hearing he testified on behalf of EDF and the Sierra Club, while noting that his testimony was “congruent” with the positions of NWF and Friends of the Earth.<sup>47</sup>

This coordination was a direct result of Mott influence. Maureen Smyth, who oversaw the Mott grants, “strongly suggested” that the Mott-funded NGOs coordinate their activities. When Mott began working with the NGOs, each group had a niche area but their agendas overlapped. Smyth believed that groups could “do more” if they coordinated.<sup>48</sup> Glenn Prickett, who worked on the NRDC effort, described his organization’s partnership with the other four major IDA opponents, saying that “some of that [partnership] was by design,” a result of Mott’s influence.<sup>49</sup> At least one

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<sup>46</sup> Hearings before a US Senate subcommittee of the Committee on Appropriations, on Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1994, 15 June 1993.

<sup>47</sup> Hearings before US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>48</sup> Interview: Smyth.

<sup>49</sup> Interview: Prickett.

informant indicated that his organization would not have participated in such meetings without Mott's influence. Tellingly, such regular coordination has largely ended since Mott funding ceased.

Initiating activities: As noted, Mott sought out the five NGOs it funded for World Bank work. According to a staffer at one recipient NGO, Mott "liked this international financial institutions work" and gave money specifically for such work, rather than because of any broader relationship with the organization. The foundation's funding led its grant recipients to initiate activities they would not otherwise have undertaken, either because they lacked the resources or because they lacked sufficient interest. "Mott was the major contributor," according to another staffer, "if it hadn't been for Mott, the whole community wouldn't have been able to do what it did".

Mott's influence was most clearly demonstrated in the creation of 50 Years in Enough. 50 Years in Enough was a loosely organized campaign for the intensive reform or elimination of the World Bank and IMF, inspired by the two institutions' fiftieth birthdays in 1994. The campaign began organizing in 1993 and announced a platform in 1994. The International Rivers Network, Development GAP, Friends of the Earth, EDF, and Oxfam America were key participants. Although the campaign, which still exists, describes itself as the spontaneous creation of energized activists,<sup>50</sup> it actually resulted from pressure from the Charles Stewart Mott Foundation. In 1992 the Development GAP coordinated a forum where a variety of civil society organizations discussed their agendas with potential foundation funders. That forum highlighted the potential synergy between environmental groups and others which, like DGAP, had some sort of economic justice agenda. Mott approached the Development GAP and asked that a new, coordinated campaign be developed, and DGAP agreed. In June of 1993, Mott provided DGAP with \$130,000 for work on "global economic justice." In early 1994 it provided International Rivers, which was already receiving Mott funding for "General Purposes," \$90,000 dollars for the "Media Outreach Project of the '50 Years' Campaign".<sup>51</sup> The campaign became a major source of negative publicity for the Bank over the rest of the decade, influencing policy-makers' opinions of the World

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<sup>50</sup> 50 Years is Enough Network, "History", <http://www.50years.org/pdf/10thAnniversary/history.pdf>, viewed 8 July 2009.

<sup>51</sup> Charles Stewart Mott Foundation, "Mott Grants, Program Area: Reform of International Finance and Trade, 1990-1994". Database print out, prepared 22 May 2008. Provided to the author by the foundation.

Bank during the key 1992-1995 period during which a series of US cuts to its IDA-10 contribution took place (cf. Mallaby 2004).

### *Funding, Policy, and Participation*

The data indicate a clear link between funding and activism. Organizations pursued the positions which they had a material incentive to pursue, either choosing their positions or deciding their participation on the basis of financial interests.

Representatives of service-delivery NGOs acknowledge that concerns over future funding played a dominant role in selecting policy positions. Advocacy NGO staff likewise highlighted competition among foundation-funded NGOs for donor attention. Leaders of organizations funded primarily by their members, particularly those organizations which empowered their members through democratic voting structures, report responding to member concerns. These findings confirm and elaborate on work done Cooley and Ron and discussed in Chapter 2. Cooley and Ron report that the need to fund the organization, particularly to pay staff and overhead costs, along with the need to compete with other organizations for scarce funding resources, causes most NGOs to prioritize economic concerns over mission, ideology, or other aspects of identity (cf. Price 2003 pp. 582-3).

The accusations of some actors notwithstanding, however, it seems unlikely that the majority of civil society organizations involved in the IDA-10 chose their policies on a purely mercenary basis. Many organizations chose positions that supported their financial goals, but causality is difficult to prove. Organizations' pre-existing values or ideology seem to have had a stronger impact on their policy preferences.

The pattern of participation indicates that the significance of funding (as opposed to ideology) increases as the costs of activism increase. Numerous organizations with an interest in IDA-related issues, such as poverty alleviation or debt relief, were involved in low-cost ways early in the IDA-process. Many smaller faith-based organizations and developing world NGOs signed the NGO Working Group letter, the anti-dam *New York Times* advertisement, or other similar positions statements. However, organizations engaged in sustained advocacy only when their activities were likely to be expected by paying members, when they believed that the policies being negotiated would affect their future revenue, or when outside funding subsidized the costs of activism. Organizations have scarce resources, and they

therefore choose to invest them in those activities most likely to yield a return on investment, be it through grant funding or continued member support. They also undertake those activities for which resources are specifically available.

This is not to say that the policy positions of individual organizations were determined or could be predicted by funding. As shown earlier, mission or ideology seems to play the dominant role in policy setting. Rather, in situations where advocacy requires greater resources, the net composition of the group of CSOs participating may be more likely to reflect the funding available for advocacy (and thus the interests of major donors), or, if the policy itself has funding impacts on some organizations, the population of CSOs involved may be skewed towards those financially impacted.

The influence of the Charles Stewart Mott Foundation demonstrates the impact of funding on participation. Mott funded the core group of American NGOs opposed to the IDA and its funding may have helped them cultivate the support of developing world partners. Mott chose its partners for their pre-existing agendas, but it induced them to modify their existing behavior. In response to Mott influence, Mott clients initiated new advocacy activities and coordinated their policy positions in ways that increased their political impact.

In short, during the 10<sup>th</sup> IDA time period, funding appears to have had an important influence on advocacy activity. According to participants in the process itself, funding interests may explain the seeming contradiction between the mission of certain NGOs, such as the World Wildlife Fund, and the positions they espoused. It also helps explain the radical approaches taken by those advocacy NGOs whose funding depended not on negotiating a specific reform with the World Bank, but rather advancing the overall environmental agenda supported by their donors or members. Similarly, it helps explain the choices organizations made to participate in or withdraw from different advocacy activities. The role of Mott is particularly significant because it implies that the majority of NGOs opposing the 10<sup>th</sup> IDA were functioning in at least some of their activities as the clients or agents of a single entity, rather than seeking to respond to the desires of a diverse group of stakeholders. All of these findings have implications for the legitimacy of NGOs as stakeholder representatives. The links between ideology and position, analyzed earlier in this chapter, indicate that individual civil society organizations may not be very responsive to the populations that their work impacts. The findings on funding indicate the composition of any given

campaign may reflect the variety of the participants' financial incentives, rather than a cross-section of stakeholder interests.

### **Conclusion**

The sharp divisions that manifest themselves over the question of continued funding for the IDA were among the most striking aspects of civil society participation in the 10<sup>th</sup> IDA. Participants in the process noted these divisions themselves and explained them as a function of differences between Northern and Southern interests, competition between environmental, development, and faith-based ideologies, or the result of organizations' concerns with funding. Each of these hypotheses has a strong theoretical basis. However, only ideological divisions and funding sources correlate with the divisions observed in this case.

Numerous organizations attributed their policy positions and subsequent activism to their organization's mission and priorities. This was particularly true among environmental actors and, to a slightly lesser extent, development and faith-based organizations. Policy positions and ideology generally correlate well, particularly if one makes allowances for the range of interests (from forestry to clean air, or food aid to debt relief) present within each category.

At the same time, organizations' policy activities correlate very closely with their financial interests: organizations engaged in aid work supported sustained or increased aid funding; foundation-supported organizations supported the positions of their foundations; and member-funded organizations reflected the apparent interests of their members. Organizations of all types seemed more likely to participate when activism used few resources (either through low-cost mechanisms or because the activism was specifically funded) or was linked to a potential return on investment. Significantly, the interactions between the core group of the minority of NGOs opposing IDA funding and their shared donor reflect some of the elements of a principal-agent relationship. Thus, certain NGOs were not only responding to their own financial or organizational interests; they may have been actively guided in their behavior by a third party.

Even if organizations are ideologically consistent, this by no means guarantees their responsiveness to the populations affected by their activism. To the contrary, organizations' ideological vision may lead them to reinterpret the stated desires of a people impacted by a given policy, or even determine such peoples' 'needs' without

reference to their stated desires. Although most organizations claim to be acting for the good of certain stakeholders, it may not be a good determined by those stakeholders themselves.

Furthermore, if civil society participation in a given campaign is facilitated by donor funding, money is still the proximate cause of civil society action. It determines which organizations are active in any given campaign. Thus, rather than representing a cross-section of stakeholder interests, it will represent a sampling of financial incentives or fundraising capacity. The role of third-party donors in structuring incentives may be particularly significant, leading to international campaigns that primarily reflect wealthy populations or funding bodies. In the case of the 10<sup>th</sup> IDA, policy makers were given the impression that five prominent NGOs had each chosen to engage on the issues surrounding the World Bank replenishment. Arguably, however, the decisions made by EDF, NWF, the Sierra Club, FoE, and the NRDC to participate in the policy process reflected, at least in part, the financial incentives provided by a single entity, the Charles Stewart Mott Foundation. The agendas these NGOs espoused may have reflected their native inclinations; however, their participation was facilitated by Mott funding and Mott had chosen to support these organizations because their missions corresponded with Mott's policy agenda. Moreover, their collaboration, which helped them develop their public consensus on some issues, largely resulted from Mott's strategy and incentives.

Finally, most civil society organizations involved in the 10<sup>th</sup> IDA were unlikely to engage in dialogue or joint decision making with other organizations. For most environmental advocacy actors involved in the 10<sup>th</sup> IDA, meaningful compromise with development NGOs would have resulted in a violation of the fundamental interests of their donors (in the case of Mott-funded NGOs) or their members (in the case of NWF or Narmada Bachao Andolan). By the same token, for development NGOs engaged in service-delivery, advocating for cuts in World Bank funding had the potential to result in the loss of funding for their activities. Informants for this research were well aware of these tensions, with several indicating that they chose not to engage opposing civil society organizations in dialogue because they perceived the financial interests of their opponents to result in rigid policy positions.

In short, data from civil society's engagement with the World Bank indicate that civil society organizations operating in the context of the World Bank may be atomized rather than unified; that dialogue among civil society organizations may be

limited; and that funding plays a role in the behavior even of advocacy organizations. These findings have particular relevance for the central question of this thesis: whether civil society engagement with the World Bank supports the idea that civil society can democratize global governance. As noted in Chapter 2, this thesis evaluates whether civil society is democratizing global governance by assessing civil society's inputs and outputs. The findings in this chapter have several implications with particular relevance for the question of democratic inputs, specifically civil society's capacity to act as a representative of different stakeholder populations or to facilitate the inclusion of different populations in the policy process. It also has implications for civil society's ability to facilitate majoritarian outputs.

If individual organizations are pursuing pre-determined goals or values, they may ignore or reinterpret local needs in line with their existing agenda. This calls into question the representivity of individual civil society organizations. Narrow representation or self-interested behavior on the part of individual organizations might have limited influence if policy negotiations were widely accessible and if a broad group of civil society organizations participated in them. However, this chapter finds that collective civil society activism on an issue will reflect the financial incentives linked to the campaign. Organizations with financial incentives for their involvement will participate, while those hampered by limited resources may drop out. Thus civil society as a whole is unlikely to be representative, nor will civil society participation in policymaking promote equality of input among stakeholders. At the same time, the lack of dialogue among most civil society organizations, combined with the financial barriers to involvement in policymaking, suggest that civil society may not form the sort of open, deliberative space thought to enhance inclusivity.

These same dynamics may inhibit civil society's capacity to produce majoritarian outcomes. First, financial barriers to involvement in policymaking may limit the cross-section of stakeholders represented. Second, even if a representative group of organizations is present, financial pressures as well as ideological drive may inhibit them from entering into majoritarian or pluralistic decision-making processes. Instead, each organization may use the best means at its disposal to pursue its own interests.

The previous chapter indicates that some civil society organizations were able to significantly impact World Bank policy and operations. Yet, as this chapter shows, these impacts were achieved in spite of the divisions among civil society

organizations. This naturally raises the question of how civil society achieved its impacts and the consequences for democracy. The next chapter explores this issue.

## Chapter 5

### Mechanisms of Influence and the Distribution of Authority

The thesis has thus far identified the civil society actors involved in the IDA-10, examined their agenda setting and their interactions with one another, and determined their impacts.<sup>1</sup> This chapter explores their mechanisms of influence. As noted in Chapter 3, certain civil society organizations were noticeably more successful than others in achieving their desired impacts. Examining how different actors engaged with the Bank and why some were more successful than others will help this thesis address persistent questions in the literature about civil society's mechanisms of influence.

Civil society's means of influence also has implications for the democratizing impacts of transnational civil society as a whole. As noted in Chapter 2, this thesis measures civil society's effectiveness in democratizing global governance on the basis of its success in improving democratic inputs and outputs. Inputs include stakeholder representation and inclusion, while outputs should reflect stakeholder control over governance.

The Bank's founders conceived of it as an independent, technocratic body, and for much of its history it has manifested the sort of democratic deficit discussed in Chapter 1. However, as demonstrated in Chapter 3, civil society's influence has limited the Bank's independence and forced it to consider certain stakeholder demands in its decision making. Nonetheless, in order to truly democratize the Bank's policymaking, civil society must develop mechanisms of influence that are equally accessible to all stakeholders.<sup>2</sup> Therefore this chapter contributes to this thesis' overarching question by examining two issues with regards to the IDA-10. First, how did civil society organizations advance their agenda? Second, were the channels pioneered by successful civil society organizations equally accessible by all the Bank's stakeholders? As described in Chapters 1 and 2, these questions address specific debates in the literature on civil society, and will help determine whether data about the World Bank

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<sup>1</sup> Portions of this chapter were presented at the Millennium Annual Conference 2008: Interrogating Democracy in International Relations, as part of the paper "Democratic Inputs and Antidemocratic Outcomes: Assessing Civil Society Contributions to Global Governance".

<sup>2</sup> For the purposes of this research, the Bank's stakeholders are defined as the 186 members of the IBRD. For additional details, see Chapter 1, page 27.

support or challenge the idea that civil society has the capacity to democratize global governance.

The chapter begins by describing in greater detail the different elements of democratization and the relevance of this multipart definition for civil society. It then describes the various mechanisms of influence used by civil society in the time leading up to the IDA-10 and during the IDA-10 itself and compares specific claims in the literature with data from the IDA-10. Next it examines how certain mechanisms utilized national authority, and describes how the use of state influence allowed a small group of actors to advance their agenda over the objections of a much larger one. Finally, the chapter provides a more detailed analysis of these data, discussing whether they indicate that civil society is democratizing Bank policymaking.

### **Dissecting Democracy**

As noted, in examining the democratization of World Bank policymaking, this thesis focuses on equal authority among stakeholders and stakeholder control over policy decisions. Authority among citizens need not always be exercised via direct franchise or a physical vote, as in functional definitions of democracy, but most models of democracy require that authority be equal. The desires of citizens must be represented on at least nominally equal terms, and all citizens must be included in some level of the governance process.

Not only must citizen authority be equal, but it must be effective. The will of the citizens must result in a response from the government or institution and the rule of the government or institution must be contingent on direct or indirect consent of its citizens or stakeholders. A contribution to either citizen control or equal citizen authority may be construed as democratizing. However, both elements are necessary to achieve democracy.

Civil society may contribute to one aspect of democratic governance while simultaneously inhibiting the development of the other aspect. Thus, paradoxically, civil society can be both democratizing and antidemocratic at the same time. Such a paradox has historical precedent. As Robert Goodin has observed, the development of modern democracy was an incremental affair in which citizen control over government preceded equal distribution of authority among citizens. The development of global

democracy may be no different.<sup>3</sup> For example, many of the structures most fundamental to British democracy, such as the Magna Carta or the appearance of the king before Parliament, were originally created to serve the aristocracy rather than the general population.<sup>4</sup> Yet hundreds of years later, they are viewed as foundations of popular rule. This is because they served to erode the independence of executive authority and develop the principle of citizen control over the state, however much such control was originally exercised by an elite minority. Civil society impacts on global governance may follow this pattern. In the case of the World Bank, civil society developed the principle of citizen control over global governance by encouraging the principles and practice of transparency, accountability, and dialogue on the part of international institutions. Insofar as these principles and practices create the necessary preconditions for democracy, civil society's impacts may be termed as democratizing.

At the same time, as described in Chapter 1, there is some indication that civil society activism has inhibited the development of equal authority among stakeholders (cf. Woods 2005). (The historical parallel might be the resistance of the aristocracy to sharing its hard-won power with the bourgeoisie or the efforts of early democrats in the US to restrict the franchise to those they considered capable of using it well.) Data examined in this chapter indicate that some of the most important channels of influence pioneered or reinforced by the civil society activists prior to and during the IDA-10 process were open only to elite civil society actors. Moreover there is some indication that such elites performed a gate-keeping function, deliberately excluding other organizations from high-level participation in policymaking. Insofar as civil society created new elite structures or inhibited equal access to the levers of citizen control over governance, civil society's impacts were antidemocratic.

These simultaneous and conflicting impacts indicate that civil society cannot be treated as an unquestioned force for improved stakeholder representation, nor that involvement of civil society in global affairs makes democratic global governance a *fait accompli*. Instead it indicates that civil society has positive contributions that policymakers and practitioners must enhance and enable, even as they seek to mitigate the potential for elite domination and to grant authority equally to all stakeholders or their representatives.

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<sup>3</sup> Robert Goodin, 'Global Democracy: In the Beginning', conference paper presented at the Annual Meeting of the American Political Science Association, Boston, 28-31 August 2008.

<sup>4</sup> Ibid.

### **Enhancing Citizen Control**

From the early 1980s through the period of the 10<sup>th</sup> IDA, civil society engaged with the World Bank in a number of ways that enhanced citizen control. This thesis divides such engagement into three categories, synthesizing and building on the work of a number of earlier scholars. The category first is improved transparency. Civil society has helped expose the Bank's policies and actions to public scrutiny by circulating information, researching its activities, and lobbying for the release of internal reports and other Bank-generated data. Civil society has also encouraged accountability, by challenging the Bank's public legitimacy, conditionalizing its funding, and promoting oversight and review mechanisms. Lastly, civil society actors have promoted dialogue, both over specific projects and general policies. Some of these mechanisms have been used successfully to pursue specific policy objectives. However, their larger significance in terms of democratization is that they have developed or reinforced patterns of citizen input which have diminished the World Bank's independence and autonomy.

#### *Improved Transparency*

Keck and Sikkink identify 'information leverage' as one of the key tools employed by civil society organizations in their pursuit of specific policy goals (1998 p. 16; see also Nelson 2002). Information leverage may include gathering testimony, disseminating information, or monitoring projects. Such practices, however, may be better construed as broader contributions to democratic global governance than as mere means to achieving limited policy change (Scholte 2004 p. 211-3). Civil society contributions to transparency have taken three main forms: information transfer, information creation, and information liberalization. Each of these various types of transparency decreases the autonomy of international organizations by providing outside actors with the information necessary to evaluate, monitor, and direct the actions of international organizations. The forms are by no means mutually exclusive; the same civil society campaign may promote multiple forms of transparency, and improved transparency may also overlap with the other types of governance reform to be discussed later.

Information Transfer: Information transfer has been described by other authors as the publicizing of abuses or the dissemination of closely held information (cf. Keck and Sikkink 1998; Nelson 2002; Nanz and Steffek 2004). It might be more accurately

described, however, as the provision of actionable information to independent agents such as government representatives or the general population. In this regard, civil society contributes to informed decision making and breaks elite monopolies on information.

Historically, civil society has done this in number of ways. It has sought to bring the testimony of local communities in least developed countries (LDCs) to the attention of Northern audiences. Civil society has also procured and publicized the confidential documents of governments and international organizations. Moreover, in institutions like the World Bank many of the most important decisions are made by small groups of decision-makers, often busy government representatives seeking to follow multiple projects or policies at once. In such situations, civil society organizations with sufficient access to information can also take on the role of staff assistant, sorting and collating data into comprehensive briefings for key officials outside the Bank (Raustiala 1997).

In the case of the World Bank, information transfer began in 1983 when a group of American environmental NGOs began opposing certain World Bank projects in Brazil and Indonesia. Their efforts resulted in seventeen hearings between 1983 and 1986 on multilateral development banks and the environment (Keck and Sikkink 1998 p. 139). During these hearings the NGOs presented information from independent researchers and local civil society organizations in the project affected areas. The hearings brought World Bank practices to the attention of both the general public and Congressional decision-makers, laying the groundwork for a series of US-driven environmental reforms at the World Bank. In 1987, the Charles Stewart Mott Foundation sponsored the creation of the Bank Information Center (BIC), an independent clearinghouse for information about World Bank activities and a repository for leaked Bank documents (Keck and Sikkink 1998 pp. 148-9). During the IDA-10, BIC played a key role disseminating information to NGOs and Congressional staffers. Civil society organizations also testified at three Congressional hearings related to the IDA and information provided by NGOs, including leaked World Bank documents, surfaced in British Parliamentary debate.<sup>5</sup> Civil society organizations sponsored the full-page advertisements on opposing the Narmada Dam project in the *New York Times*

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<sup>5</sup> See statement by John Denham, during UK Parliamentary debate on a motion by the Under-Secretary of State for Foreign and Commonwealth Affairs that funding for IDA-10 be approved. UK Parliamentary record, 12 July 1993, 11:10pm.

and *Financial Times*<sup>6</sup> and prepared briefing documents for a significant number of the World Bank's Executive Directors. These actions fomented a combination of public awareness and informed decision making on the part of public officials that significantly eroded the Bank's independence, enhancing the possibility of citizen control.

Information Creation: Information creation expands the amount of data available on international organizations. It can include independent research, monitoring and evaluating the implementation of new policies or projects, and the creation of new reporting requirements. Logically, information creation should precede information transfer. Chronologically, however, civil society has engaged in the business of information creation only after its initial successes in information transfer.

As a result of resource constraints, independent research has been relatively rare among civil society actors. Earlier American environmental NGOs involved in the IDA-10 were prone to accepting the accounts of local partners at face value or, even more precariously, adopting the charges of other American environmentalists as valid and accurate. Nonetheless, civil society engaged in some independent research. The Canadian NGO PROBE investigated the World Bank's Narmada Dam project in India, and PROBE's findings were used in the advocacy campaigns against the project. Human Rights Watch and the NRDC also published an investigation on logging in Malaysia with implications for World Bank policy.<sup>7</sup>

Civil society also forced new reporting requirements within the World Bank itself. These requirements mandated that the Bank evaluate and report on the consequences of current or planned actions, taking into account issues like environmental damage, social impacts, economic sustainability, and biodiversity. Bank evaluations provided decision-makers with the information necessary to effectively oversee the Bank's activities and provided activists with the information necessary to hold the Bank accountable. One of the earliest examples of this is the Pelosi Amendment, written by Congresswoman Nancy Pelosi in collaboration with representatives of the Sierra Club. Attached to a 1989 funding bill, the amendment mandated that the US Executive Director automatically vote against any World Bank

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<sup>6</sup> Cf. Advertisement, "Your Money – Funding Yet Another World Bank Disaster", *The New York Times*, 21 September 1992.

<sup>7</sup> Human Rights Watch and the National Resources Defense Council (NRDC), *Defending the Earth: Abuses of Human Rights and the Environment* (New York: Human Rights Watch and NRDC, 1992), pp. 49-70

project for which an environmental impact assessment had not been conducted. The amendment had a two-year grace period before taking effect and by 1991 the World Bank had created a comprehensive program of environmental impact assessments.

Information Liberalization: The greatest source of information on the World Bank is often the Bank itself, which authors dozens of reports on its own activities each year. Some of these reports are surprisingly critical and leaked reports have provided some of the strongest substantiation for the various charges civil society has leveled against various institutions. Therefore it is unsurprising that civil society actors have long sought access to this trove of data. In the case of the World Bank, success has significantly facilitated the independent monitoring of Bank activities, paving the way to greater accountability. In this regard, information liberalization has facilitated Bank accountability in a fashion not unlike the way “sunshine laws” and the Freedom of Information Act (FOIA) have facilitated government accountability in the United States.

When civil society first began lobbying the World Bank, the Bank was so secretive that even its phone book was confidential. In 1989, the Bank began to revise its information policies, largely in response to NGO pressure (Shihata 1995 pp. 250-300). NGOs found these revisions to be insufficient and continued lobbying for greater disclosure. In 1993, during the IDA negotiations, the Bank again revised its information policy. According to a senior Bank staff member who helped draft the new policy, the staff team working on the revision found itself split between two factions. One favored a conservative information policy in which only those documents that could be proven necessary to release would be made public. The other faction favored a significantly more liberal policy, very much akin to FOIA, under which only those documents which could be proven necessary to restrict would be withheld. The conservative faction won out in team deliberations, but members of the more liberal faction persuaded the team to attach their alternative policy as an appendix to the final proposal submitted to the Bank’s board for approval. A member of the team then leaked the report to the NGO community, which lobbied influential Executive Directors to push for the alternative policy presented in the appendix. The strategy was successful and the liberal policy, unique among international organizations at the time, was adopted.

### *Accountability*

Improved transparency lays the foundation for organizational accountability. Once external actors have sufficient information on an organization's activities, they can move to punish or reward it for the actions it takes. Accountability can be defined thus, as the establishment of consequences for an agent's actions. In a democratic society it is most often exercised through the vote, by which a wayward politician or party is not reelected or it loses its majority. Leaders may also be recalled from office or deposed by their peers in a vote of no confidence. Beyond the ballot, however, state actors are also held accountable by the rule of law and by the oversight of independent ombudsmen established for the purpose. In the case of international institutions, civil society has helped create both public accountability and structural accountability. Civil society has also, via government allies, exercised financial accountability. These three levers have increased outside control over international organizations by creating clear consequences for these organizations' actions.

Public Accountability: Civil society's ability to draw massive public attention to the actions of international organizations in one of its most frequently noted traits (Munck 2002 p. 350; Wade 1997 p. 708; Mallaby 2004 pp. 47-8; Keck and Sikkink 1998 pp. 18-22). Such attention, which is almost invariably negative, can take several forms. Publicity stunts like the 'World Bank Murderer' banner unfurled by protestors behind Bank president Lewis Preston during a 1994 Madrid speech can attract negative media attention, leading to public opprobrium (Mallaby 2004). Street protests can make individual staff more aware of dissenting voices and even, in some cases, create an intimidating environment. During the World Bank and IMF annual meetings in Berlin in 1988, for instance, delegates were pelted with coins and spat upon, anarchists set cars on fire near the meeting location, and police guarded participants' hotels against assault by protestors.<sup>8</sup> Nonetheless, such protests seem to derive their power from the impression that the small group of protestors represent a larger, negatively inclined public or concerns that protestors will attract negative media attention to the organization.

In all cases of public accountability, civil society exercises influence via attacks on an organization's reputation and legitimacy. The effectiveness of this tactic,

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<sup>8</sup> "Big Protest at IMF Site", *The New York Times*, 26 September 1988; Patricia Clough, "IMF Brings Out Berlin's Violence", *The Independent*, 28 September 1988; Anna Tomforde, "West Berlin Counts Cost of Violence", *Guardian*, 30 September 1988.

however, is impeded by the fact that international organizations like the World Bank have little statutory need for public legitimacy. Their position is secured by international agreements among national governments which are not easily revoked or abridged. Thus protestors must rely on an organization's concern for its reputation (cf. Keck and Sikkink 1998). A number of Bank staff and civil society activists interviewed for this thesis opined that the World Bank is very sensitive to criticism and thus susceptible to public pressure tactics.

During the negotiations surrounding the IDA-10, Bank was subject to numerous public shamings. Provocative demonstrations against the Bank by Greenpeace and others were a staple of the Fifty Years is Enough campaign, which began in 1992 and generated ample negative press (Mallaby 2004 p. 61). Protestors gathered regularly in the park outside the World Bank headquarters in Washington, DC to shout their disapproval. Critical letters have at times numbered in the thousands each month (ibid. p 87).

Nonetheless, this form of accountability was met with only limited success. Despite its alleged concern for its reputation, there is little evidence that such public pressure has forced major change at the Bank. Certainly the Bank has instituted numerous policy changes over the last twenty years, but causal links between public pressure and the majority of changes is unclear. Fox and Brown conclude, based on their review of major Bank policy changes from 1980-1995, that public pressure is among the least effective means of accountability exercised by civil society (p. 497). At the same time, discussions with Bank and CSO staff make clear that the Bank undertook significant charm offensives and public relations initiatives both during and after the IDA-10 designed to build bridges with civil society and mollify critical elements. These may have been a low-cost alternative to more substantive policy reform. Thus public pressure, while dramatic and perhaps reputation-building for civil society, constituted a weak form of accountability.

Financial Accountability: Financial leverage can be a much more effective means of accountability (Keck and Sikkink 1998 p. 23). When an international organization is reliant on regular infusions of cash from donor nations, civil society can pressure donors, often using local political channels, to withhold funding or to conditionalize its disbursement upon organizational actions. In cases where those infusions are perceived to be essential to the completion of a core mission or to the long-term survival of the organization, such tactics can be extremely effective.

This is exactly what happened in the case of the IDA-10. Beginning in the late 1980s, a number of CSOs had concluded that financial pressure was the one type of accountability to which the Bank readily responded. Their attack on Bank funds during the tenth replenishment of the IDA was instrumental to the success of numerous reforms, including the liberalization of Bank information policy. The initial reductions made by the US Congress in the American IDA commitment, combined with hold-backs, conditions, and additional cuts, led to rapid concessions from the Bank. Financial pressure also had an impact on individual Bank projects. Large projects may use a combination of Bank and bilateral funds, the latter given in parallel with Bank funding. Civil society pressure was linked to the Japanese withdrawal from the Narmada Dam project in India and to other, smaller changes in bilateral aid.

Structural Accountability: Certain civil society organizations also used the IDA-10 to push for the creation of an independent monitor, funded by the World Bank itself, capable of judging organizational actions, identifying breaches in ethics or policy, and detailing appropriate remediation. Where such monitors are sufficiently independent and endowed with a reasonable ability to enforce their decisions, they can provide the kind of checks and balances provided by independent agencies in many democratic governments (Scholte 2004 pp. 221-2).

In 1992, in response to international pressure and a hunger strike by Indian activists, the World Bank created an ad hoc inspection group to investigate claims that the Bank had violated its own environmental and social policies in planning the Narmada Dam project in India. The panel's findings were extremely critical and helped energize the nascent proposal, then being discussed between civil society and American policy-makers, to encourage the Bank to create an independent ombudsman. The Inspection Panel, created in 1994, formed a means for direct citizen appeals against the Bank. The Inspection Panel guidelines allow any group of two or more citizens living in an area affected by a planned or current Bank project to file a claim with the panel. The panel will review the claim and, if it deems it valid, request permission from the Bank's board to conduct a full-scale investigation. Although the panel can evaluate only the Bank's adherence to its own policies, the proliferation of environmental and social safeguards, particularly in response to civil society pressure in the late 1980s, has meant that the Bank's policies, at least 'on the book,' are very stakeholder-friendly. In permitting a direct appeal by citizens, the Inspection Panel has been one of the most democratic means of accountability to which the Bank is subject.

### *Dialogue*

Deliberative democracy theorists in particular hold that dialogue is an essential element of democracy. Many have suggested that civil society currently contributes to such dialogue or may so contribute in the future (cf. Korten 1998; Held 2004; Nanz and Steffek 2004). It is important, however, to define what one means when writing of dialogue. Theorists with a more cosmopolitan orientation assume that dialogue will begin spontaneously among stakeholders and that international organizations will be somehow bound to heed the outcomes of such deliberations (cf. Korten 1998; Nanz and Steffek 2004). Others postulate a more structured dialogue between stakeholders and international organizations (Payne 1996), even if new structures must be devised to facilitate this institution-stakeholder interaction (Rischard 2002 p. 189; Held 2006 pp. 303-11).

Civil society organizations have organized themselves for inter-organizational dialogue in a number of ways. For instance, CIVICUS: World Alliance for Citizen Participation has done much to gather and disseminate knowledge on civil society since its founding in 1993. According to the organization's website, its mission is "strengthening citizen action and civil society throughout the world".<sup>9</sup> Civil society forums like the Conference of Non-Governmental Organizations in Cooperative Relationship with the United Nations (CONGO) and the World Social Forum provide opportunities for networking and coalition-building, and have helped civil society organizations drive elements of the international policy agenda, particularly with regards to poverty (Scholte et al. 2009). In spite of the successes of such intra-civil society dialogue, however, many activist organizations continue to advance agendas supported by local members or funders, rather than those supported by a global audience (Tvedt 2002 p. 367-9). Data indicate, for instance, that Northern NGOs readily disregard the oft-stated principle that activist agendas originate in the global South (Nelson 2000; Murphy 2005; Woods 2005). Research has also highlighted the challenges of facilitating the participation or leadership of developing country actors at various civil society forums (Scholte et al. 2009). In short, although dialogue between civil society actors is occurring, there is little evidence that it constitutes a democratic

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<sup>9</sup> Accessed 14 September 2009.

discourse of the type hypothesized by deliberative theorists. Thus this thesis focuses on the second category of interaction: dialogue between stakeholders and institutions.

Civil society has helped create two types of dialogues between stakeholders and international institutions: project consultations and policy consultations (cf. Covey 1998 p. 82). Both of these have been used by civil society engaging with the World Bank. Such dialogues may force disparate civil society actors to achieve compromise positions, but more importantly they allow direct citizen input into the activities of international institutions. Like accountability, successful dialogue relies on civil society's accomplishments in building transparency. Detailed information can make citizens critical and independent participants and keep dialogues from rubber-stamping institution proposals. Unlike the inspection panels or other forms of accountability, dialogue can permit citizens input into planning processes, allowing stakeholders to actively guide future organizational actions rather than just reacting to punish past errors. As such, it may be one of the strongest forms of democratization.

Civil society has both driven the creation of dialogues and participated in them. For the purposes of reforming global governance, however, the mere creation of the dialogues is more significant than any particular policy initiative the dialogues have been used to advance. The drive to create dialogues between institutions and stakeholders has often been referred to as popular participation (Long 2001 pp. 1-5). Popular participation, however, refers back to dialogues between development agencies and project-affected peoples. In their original form such dialogues were intended to simply increase aid effectiveness, although it was later realized that they could also democratize the development process (see, for example, Clark 1991). Civil society contributions to dialogue, however, have been more expansive.

Project Consultations: Project consultations occur in international organizations that undertake discrete projects. At the World Bank, project consultations began in the early 1980s, in response to data gathered by practitioners and social scientists indicating that development projects could be made more effective if the stakeholders who were supposed to benefit from any given project were consulted on its design and implementation (see Long 2001). Local stakeholders were deemed to be better informed about their own needs and conditions than outside development agents and the process of consultation was also expected to increase citizen ownership over any given project (Long 2001; cf. Clark 1991).

The World Bank created the NGO-World Bank Committee in 1982 in part in response to staff interest in popular participation as a development tool. Such interest was limited, however, and other members of staff sought to co-opt NGOs as allies against threats to the Bank's budget (Covey 1998). However, there were some notable dialogues, including discussions between World Bank staff and members of Arch-Vahini, an Indian NGO, and Oxfam-UK in the late 1980s. These discussions, regarding the resettlement of tribal peoples in Gujarat to be affected by the Narmada project, resulted in drastic improvements in the terms of their resettlement (Patel 1995 pp. 185-7).

Around 1990, the Bank began sponsoring more poverty targeted interventions (PTIs), projects aimed at improving specific social indicators like poverty or infant mortality, rather than general economic development. The move towards PTIs necessitated the hiring of more non-economist social scientists (or 'nessies' as they were known) who believed in the value of local civil society as a development tool (see Kapur, et al 1997 pp. 373-75; cf. Ibrahim 1998). This shift arrived concurrently with the push by InterAction and other development actors to increase popular participation in Bank projects. This pressure, begun just before the IDA-10 and continuing through the IDA negotiations, helped make popular participation a standard and expected part of most subsequent Bank projects.<sup>10</sup>

Policy Consultations: Policy consultations refer to dialogues between institutions and stakeholders on issues of broader organizational policy. This is potentially a more powerful aid to democratization insofar as it can have more wide-reaching effects than discussions limited to a single, geographically isolated project. Although the Bank generally resisted policy input from the NGO-World Bank Committee during the 1980s, in 1990 the Bank formed the Learning Group with civil society leaders to discuss the future of popular participation in Bank projects (Long 2001 p. 27). This helped feed into the evolution in popular participation mentioned above. In the late 1980s, the Bank President Barber Conable also consulted with US environmental NGOs about environmental reforms at the Bank. In September 1992, during the 10<sup>th</sup> IDA, the Bank hosted six civil society leaders from developing countries in a meeting with donor representatives to discuss the replenishment of the 10<sup>th</sup> IDA.

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<sup>10</sup> In 1990 the Bank formed the Learning Group on Participatory Development, which involved NGO input. The Learning Group issued its report in 1994. Manuals on participatory consultations were produced in 1995 and updated in later years.

These examples, however, highlight two of the challenges of policy dialogue. The first is that the Bank only seemed to invite civil society organizations into dialogue when there already existed significant interest within the Bank in a policy change. Thus dialogue could help expand or shape a policy, as in the area of popular participation, but it was not an instrument of creating new policy. Second, the Bank's location in Washington, DC created a barrier to access for civil society in other countries, particularly those from developing nations. The meeting between Bank staff, IDA deputies, and Southern civil society arose largely out of deputy concerns that Washington-based NGOs did not represent an accurate cross-section of civil society. Nonetheless, the role of the Bank or governments in choosing civil society representatives for dialogue and paying for their visits to Washington creates problems all its own. Civil society itself does not always constitute an honest broker when arranging policy dialogues: one senior Bank staffer with close ties to civil society noted that civil society organizations tasked with arranging a policy dialogue tend to act as gatekeepers, packing the dialogue with likeminded organizations. As will be discussed later in this chapter, the meetings between certain Washington NGOs and US legislators during the 10<sup>th</sup> IDA also seem to show this pattern.

### **The Distribution of Authority**

Although each of the aforementioned mechanisms created a means of potentially enhancing stakeholder control over the World Bank, such authority was not equally distributed among stakeholders. The key reason for this is that the most effective mechanisms relied on assistance from donor governments or even the Bank itself. Among the means of transparency improvement, information liberalization relied on government pressure, as did the more notable forms of information creation, particularly the Pelosi Amendment. Even information transfer was most useful when the information was being transferred to public officials with some form of authority over the Bank. Likewise, the only form of accountability not requiring third-party assistance, public accountability, was the weakest form (cf. Fox and Brow 1998 p. 497). Financial accountability required donor action and institutional accountability required a combination of donor pressure and Bank consent. Dialogue too, while sometime prompted by public accountability campaigns, occurred largely at the Bank's initiative or in response to donor pressure.

As a result of these trends, power was concentrated among those civil society actors with the greatest degree of support from donor governments for Bank engagement. Because government policy towards the Bank was shaped by political processes, power redounded to those actors with the greatest domestic political clout. This was particularly true in the United States which, uniquely among Bank donors, had a two-part funding process in which any funding agreement was subject to review and revision by the legislature.

These trends were particularly manifest during the IDA-10. The initial victories achieved during the early 1992 funding negotiations, prior to the schism over the Narmada Dam, resulted largely from a combination of Bank acquiescence and government inclination. In areas like increased popular participation or consideration of debt relief, according to a Bank staffer familiar with these issues, the Bank had already been considering action prior to the start of IDA negotiations and so conceded willingly to demands for policy change. In other areas, like poverty reduction or the consideration of gender in development, donor governments had already adopted the civil society positions before the start of the negotiations. Such adoption reflected professional decisions by donor government staff rather than a reluctant response to civil society pressure. For instance, the US Treasury staff responsible for developing Treasury policy towards the World Bank were themselves expert in the area of development and with the capacity to determine their own reform agenda based on their assessment of the Bank's performance. This was exemplified in the IDA-10 by a series of very detailed accountability and monitoring mechanisms proposed by the US Treasury which had focused on areas of management and personnel largely ignored by civil society. The remainder of civil society successes, particularly the funding cuts, information liberalization, and structural accountability achieved by the anti-IDA faction after the Narmada schism, relied on the political efforts of a handful of NGOs that used their domestic clout to persuade US lawmakers to apply pressure to the World Bank.

### *Triangulating the Bank*

As noted in Chapter 3, the World Bank's decision to continue funding the Narmada Dam project galvanized Bank skeptics. Although the Bank had made substantial concessions in the areas of development practice and environmental policy during the IDA-10 negotiations, the Bank's continued support for the Indian dams signaled to

certain civil society groups that the Bank still fundamentally supported environmentally destructive, industrially-oriented projects that focused on macro-economic development to the detriment of individuals. These groups included the Environmental Defense Fund, National Wildlife Federation, and Friends of the Earth, as well as the Sierra Club and the Natural Resources Defense Council. Greenpeace, Rainforest Action Network, and others played smaller roles.

By this point, around November 1992, the IDA deputies had already negotiated a preliminary agreement. To all appearances, this document reflected a substantial 'win' for civil society. It included an emphasis on poverty reduction, mitigation for the impacts of structural adjustment, and popular participation and featured substantial increases in environmental protection, including requirements for new environmental assessments, a ban on IDA funding for rainforest logging, and an emphasis on energy conservation.<sup>11</sup> Consensus among informants for this research, including both environmentalists and development advocates, was that civil society via donor governments got nearly everything for which it had initially asked. With the IDA-10 negotiation process nearly complete, and few grounds on which to press for a renegotiation of the agreement, Bank-skeptics took their case directly to donor governments.

At the national level, the new anti-IDA coalition pressed donor governments to refuse to fund the agreement negotiated by those governments' own deputies. The coalition's success in most cases was extremely limited. Finland opted to withdraw funding from the IDA, but the Finnish contribution was only a small fraction of the whole. In the UK, the issue was debated in Parliament, but to no effect. In most cases, parliamentary governments were unwilling to inflict a legislative defeat upon themselves by overruling the recommendations of government negotiators.

In the US, however, the situation was different. IDA negotiations had been carried out by the US Treasury, an arm of the executive branch. Funding had to be approved by Congress, a separate, legislative branch. In 1992 and 1993, these branches were controlled by different political parties, adding to their Constitutional division. Moreover, Congress had a long history of using its fiduciary power to intervene directly in Bank affairs, in spite of the Bank's own mandate to deal only with the finance ministries of its member countries. In 1979, Congress used its control over IDA funding

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<sup>11</sup> US Treasury, "IDA 10 Deputies' Report, Revised Draft", 1993. See also Kapur, et al (1997), pp. 1149-50.

to successfully pressure the Bank to commit not to fund projects in Vietnam (Kapur et al 1997 p. 1150). In the 1980s, the US Congress was instrumental in the Bank's environmental reform. Under financial pressure from Congress, Bank President A. W. Clausen even agreed to meet directly with Senator Robert Kasten, Jr. and the environmental NGOs with whom he had allied himself in order to negotiate concessions. Bank staff resisted such interactions, believing that they violated the Articles of Agreement on which the Bank was founded (Wade 1997 p. 665), but they continued nonetheless.

Some of the same actors who had worked on the environmental reforms, including Bruce Rich of Environmental Defense, Brent Blackwelder of Friends of the Earth, and Barbara Bramble of the National Wildlife Federation, were leaders in the anti-IDA campaign. According to a source at Friends of the Earth, their experiences in the 1980s had led them to believe that genuine Bank reform could only result from financial pressure. Through years of lobbying they had also developed significant expertise and solid networks of contacts. As the IDA-10 agreement moved towards donor ratification, these leaders moved to attack the IDA at the level of Congressional funding. Thus pressure would flow from these civil society organizations to Congress and on to the Bank.

### *Limiting Competition*

The shift in venue to the United States had the effect of excluding most non-US civil society members from participating in the final stage of the IDA process. With the exception of Forum of African Voluntary Development Organizations (FAVDO), which had been provided with office space by InterAction, most non-US civil society organizations with an interest in the IDA lacked a permanent presence in Washington, DC. Not only did they lack the staff and facilities necessary to lobby Congress in a sustained way, but their lack of presence deprived them of much of the necessary expertise and contacts. When asked how Oxfam-UK and other non-US development organizations participated in the IDA process once it moved to the US, a source who had worked for the organization at the time said simply, "We didn't."

The absence of most non-US CSOs changed the demographics of the civil society facing Congress. As noted in Chapter 3, most developing country actors involved in the IDA were in favor of full replenishment, but their voices were largely excluded. Other respected and venerable actors from donor countries, like Oxfam-UK

and NOVIB, also withdrew from participation. Among the US CSOs to remain actively involved in the process, pro-replenishment and anti-replenishment actors were roughly equal in number.

### *Building on Experience*

The core group of anti-replenishment campaigners had significant experience in Washington, DC. Lori Udall of the Environmental Defense Fund came from a political family: Morris Udall served 14 terms in the House of Representatives and had run against Jimmy Carter for the Democratic presidential nomination in 1976. Stewart Udall had been Secretary of the Interior under President Kennedy. Other members of the family held prominent political positions at the state level. At least one informant for this research noted that Lori Udall's family history had given her significant expertise in Washington.

Other members of the team had substantial political connections. Rich, Bramble, and Blackwelder (of EDF, NWF, and FoE, respectively), had been lobbying Congress since the mid-1980s and had cultivated noteworthy political ties. Representative Barney Frank, who chaired the House subcommittee responsible for authorizing Bank funding, was among their supporters. In late 1992, before Frank had even been appointed to head the subcommittee, the Bank Information Center contacted him on behalf of the Working Group on Appointments to the International Financial Institutions, an ad hoc group composed almost exclusively of US environmental NGOs.<sup>12</sup> Chad Dobson wrote:

The rumor from John Issacs is that you'll be the new chair of the House International Development, Finance, Trade and Monetary Policy Sub-Committee. Congratulations. We're looking forward to working with you on issues relating to multilateral development banks.<sup>13</sup>

### *Access and Gatekeeping*

By mid-January, BIC had arranged the first of a series of meetings with Frank. BIC described these meetings as discussions between the Congressman and "Washington NGOs". BIC's initial list of invitations, however, featured 15 environmental NGOs and

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<sup>12</sup> The sole exception being Bread for the World, represented by Nancy Alexander. According to a source at Bread, Alexander was known for close relationships with the environmental community.

<sup>13</sup> Fax from Chad Dobson, Secretary of the Bank Information Center, to Congressman Barney Frank, 11 December 1992.

only 3 development organizations.<sup>14</sup> Not all of the organizations invited were involved in the IDA-10, but among those that were, opponents of the replenishment outnumbered supporters 5 to 3. At the actual meeting, only 2 of the 13 organizations present were development organizations,<sup>15</sup> and opponents of the replenishment outnumbered supporters by 4 to 2.<sup>16</sup>

Frank responded enthusiastically to the January discussion and requested that civil society submit a list of issues they wanted to “discuss at Hearings.” The compilation of the list was again organized by BIC, with nearly the same mix of environmental and development organizations, although the Development GAP was added to the list.<sup>17</sup> The final list sent to Frank reflected closely the interests of the anti-IDA faction. On February 3<sup>rd</sup>, BIC presented to Frank “a list of issues NGOs would like to see discussed at Congressional hearings”. The top priority was the IDA 10 replenishment, with specific reference to the Narmada Dam project, the Wapenhans Report,<sup>18</sup> the “need for an independent appeals mechanism” and “better implementation of environmental safeguards”. The second priority was “Environmental and Social Impacts of IBRD Lending,” including environmental impact, popular participation and information policy, “sustainable forest management”, “Indigenous People’s Policy”, and resettlement.<sup>19</sup>

The first round of Congressional hearings were held in March 1993 by David Obey, chair of the Foreign Operations Subcommittee of the House Appropriations Committee. Obey was a supporter of the Bank and the tone of his hearings was neutral. Nonetheless, following these hearings, Frank invited civil society organizations to meet with him to “prepare a legislative options paper that might be used as a basis of the discussion”; again BIC facilitated the meeting and chose the participants.<sup>20</sup> Thus Frank was planning legislation in collaboration with predominantly anti-replenishment NGOs even before he held hearings to investigate the matter.

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<sup>14</sup> Fax from Chad Dobson to meeting invitees, 14 January 1993.

<sup>15</sup> Bread for the World and Church World Service.

<sup>16</sup> Fax from Chad Dobson to Congressman Barney Frank, 27 January 1993.

<sup>17</sup> Fax from Chad Dobson to invited NGOs, 29 January 1993. See also fax from Glenn Prickett, NRDC to Congressman Barney Frank, 2 April 1993.

<sup>18</sup> Which EDF staff had highlighted in a January letter to the editor of *The New York Times*. Bruce Rich, Lori Udall, and Deborah Moore, all of EDF, “Letter to the Editor: Before We Let the World Bank Squander More”, *The New York Times*, 6 January 1993.

<sup>19</sup> Fax from the Bank Information Center to Representative Barney Frank, 3 February 1993.

<sup>20</sup> Fax from Chad Dobson to Sydney Key, staff for the House Subcommittee on International Development, Finance, Trade, and Monetary Policy, 14 April 1993.

Anti-IDA NGOs also enjoyed access at a number of other levels, sometimes through BIC and at other times on their own. BIC developed a relationship with the staff advising representatives and senators on multilateral development bank issues and invited some to the Early Warning meetings, the monthly dialogue between USAID, Treasury, and US NGOs on the MDBs, that the Sierra Club had helped establish and which BIC now co-chaired.<sup>21</sup> Via these contacts, the anti-IDA campaigners arranged a meeting with Representative Bill Orten, another member of Frank's subcommittee. These same NGOs also had substantial access to US Executive Director Pat Coady who, although not directly involved in the IDA legislation, was still the major US voice at the World Bank.

Among pro-replenishment organizations, only the World Wildlife Fund seems to have established direct contact with US legislators. WWF corresponded with Obey after the March hearings to press the case for continued IDA funding to explicitly dissent with the views of the US environmental organizations which had testified before Obey's subcommittee. WWF noted that, "We believe that concessional resources, from the IDA and from other sources, are both essential and presently inadequate."<sup>22</sup> However, there is no evidence of other pro-IDA organizations taking similar steps or gaining direct, independent access to policy-makers during the Congressional discussion of the replenishment.

In short, close relationships between environmental actors and politicians allowed environmentalists to filter participation in meetings between members of Congress and civil society in such a way that the environmental viewpoint was vastly overrepresented. Among US environmental NGOs, only the World Wildlife Fund was an active supporter of full IDA replenishment, whereas the others were either opposed or neutral. Although some development organizations that supported the IDA were also invited, opponents of the IDA consistently outnumbered its supporters. Ultimately, the hearings set to discuss the IDA, particularly those chaired by Frank, reflected closely the agenda of the anti-IDA faction.

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<sup>21</sup> Fax from Chad Dobson to Sydney Key, staff for the House Subcommittee on International Development, Finance, Trade, and Monetary Policy, 15 March 1993; Fax from Chad Dobson to Sydney Key, and Tim Reiser, Senate Committee on Appropriations, 4 April 1993.

<sup>22</sup> Letter from Letter, Kathryn S. Fuller, President WWF, to Congressman David Obey, Chair US House Subcommittee on Foreign Operations, Export Financing, and Related Operations, 25 March 1993.

### *Setting the Record*

Between March and June 1993, Congress held three hearings on World Bank funding. Two were held in the House of Representatives and one in the Senate. Representatives of the Environmental Defense Fund, National Wildlife Federation, Friends of the Earth, and Sierra Club testified at all three hearings. No pro-IDA actor was invited to all three of the hearings. InterAction testified at two, one of which was via a surrogate from the African Forum of Voluntary Development Associations. Church World Service, Bread for the World, and the World Wildlife Fund each testified once. No other pro-IDA organizations testified in person.

The anti-Bank actors used their predominance to depict themselves as the legitimate representatives of developing world stakeholders. Friends of the Earth submitted a statement to Congress declaring that “grassroots groups in the Third World” had chosen as their Northern counterparts “not traditional development NGOs, but environmental and indigenous rights groups”.<sup>23</sup> Barbara Bramble testified that opposition to Bank activities “is an extremely broadly based problem... brought to us by the affected people.” She claimed that NWF had “consulted with hundreds of partner organizations in the south... that have asked us year after year, Why aren't you taking a stand on this?”.<sup>24</sup> Lori Udall of EDF submitted statements from Narmada Bachao Andolan to support her claim to work on behalf of grassroots groups.<sup>25</sup> By the end of his hearing on the IDA, Barney Frank was asking Bramble, “What is the Asians' position on the utility of the IDA, and why do they have that position?”<sup>26</sup>

### *Local Politics*

As Congress began deliberations on Bank funding, opponents of replenishment used local political pressure to advance their agenda. Some of this was done via popular pressure. According to a source familiar with these events, the Sierra Club had significant DC clout due to its political action committee and close ties to many

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<sup>23</sup> Statement to US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs hearing on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>24</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>25</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>26</sup> US Congress, 5 May 1993.

members of Congress. A source at the National Wildlife Federation noted that NWF also had a huge grassroots base, the largest of any organization participating. Its base was organized into local chapters with a track record of successfully lobbying their senators and representatives. The source indicated that this gave NWF considerable influence.

EDF and Friends of the Earth also developed a populist anti-Bank message. During the IDA-10, the World Bank was in the process of building a new Washington, DC headquarters. Staff from anti-Bank organizations circulated details of the project's \$250 million budget and terrazzo floors to legislators.<sup>27</sup> These revelations coincided with Jacques Attali's disastrous tenure at the European Development Bank, during which staff flew in private aircraft, the existing marble in the lobby of the headquarters building was torn out and replaced with a more luxurious grade of marble, and \$78,000 was spent on the staff Christmas party. The new building at the World Bank was easily conflated with the EBRD's needless renovations and general profligacy, and raised the ire of many members of Congress.

This tactic was extremely successful in developing Congressional opposition to World Bank funding. Although it did not immediately result in a backlash against the IDA, it did result in other attacks against Bank funding. Concurrent with the IDA replenishment, the World Bank had also negotiated capital contributions for the International Bank for Reconstruction and Development, the arm of the Bank which lent to middle-income countries. When the Foreign Operations appropriations bill, which included the IBRD and IDA funding, was introduced on the House floor in June 1993, it was subject to vigorous debate. Immediately after its introduction, Representative John Kasich offered an amendment calling for a complete cancellation of US funding for the IBRD in fiscal year 1994. Kasich and his allies made specific reference to statements by EDF, NWF, Friends of the Earth, and the Sierra Club on the Bank's record of environmental destruction and forced resettlement. Kasich also referenced the Wapenhans Report and the cost of the Bank's new building. His amendment was opposed by both Barney Frank and David Obey, but it garnered significant support among House members; it was defeated 210 to 216.

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<sup>27</sup> US House of Representatives Record Ref. Vol. 139, No. 86, 17 June 1993.

*Final Outcomes*

In the United States, Congressional spending decisions must pass through two phases. First, money must be appropriated for the expense, usually in the budget of the upcoming fiscal year. Second, the expense must be authorized, with the government agency responsible for the actual disbursement, such as the US Treasury or USAID, being given permission to spend the money. David Obey's subcommittee, which was responsible for World Bank-related appropriations, yielded to anti-Bank sentiment by cutting the IDA appropriation for fiscal year 1994 by \$200 million. Barney Frank's subcommittee, which was responsible for authorizations, authorized only two-thirds of the remaining IDA amount, holding back the third tranche pending reform. This was a major break from previous US practice, in which authorization had always been made for the full three-year IDA period. It was hotly resisted by the US Treasury, the agency which was being authorized to disburse the money to the Bank. In the Congressional elections of 1994, the Democrats lost control of the House of Representatives. Republican politicians, with whom the anti-IDA environmentalists had consistently cultivated ties (Kasten and Kasich were both Republicans), initiated further cuts in the IDA disbursement.

Frank also played a key role in advancing the two major policy initiatives that the Bank skeptics had added to the agenda. As noted, most of the initial reforms requested by IDA campaigners had been included in the IDA agreement. However, following the Bank's Narmada decision, the EDF, NWF, Friends of Earth, Sierra Club and their allies had determined that the Bank was in need of more serious reform. In addition to the Bank-shrinking exercise of cutting funding, these NGOs pressed for the creation of an independent appeals mechanism at the Bank, along with a huge increase in information access. According to sources familiar with these events, they believed that these reforms would help consolidate previous gains, particularly improvements in the Bank's environmental and social safeguards.

These changes were hotly resisted by the Bank, as well as most of the Bank's borrowers. Nonetheless, Frank insisted that the Bank make commitments to change before he permitted the authorization of any of the IDA funding. In the summer of 1993, in gross violation of the Bank's standard policy, Ernie Stern telephoned Frank to contest the Congressman's position. Stern was the Bank's long-time managing director and, having outlasted several presidents, was possibly the most powerful person at the Bank. During the conversation, which Frank shared with the anti-IDA

environmentalists and which became widely cited in the community, Stern protested that the reforms Frank had requested were too difficult to implement in the time Frank had allowed. The Bank was like a large boat, Stern said, taking time to change course. Frank responded simply that he was faced with a busy legislative session and that if Stern was too busy to make the necessary changes at the Bank, Frank might find himself too busy to authorize the Bank's money.<sup>28</sup> By the end of 1993, both changes in the information policy and the creation of what would become the World Bank Inspection Panel were well underway.

### **Democratization Delayed**

Civil society may create the preconditions for democracy while obstructing its fruition. In its engagement with the World Bank in the decade leading up to the 10<sup>th</sup> IDA and during the IDA itself, civil society created or reinforced a number of channels of stakeholder influence that made significant contributions towards citizen control of global governance. Civil society activism helped improve knowledge about the Bank's activities, and created new norms for transparency, accountability and dialogue. It resulted in some specific reforms, such as the liberalization of World Bank information disclosure or the creation of the Bank's inspection panel, which facilitated future activism or gave stakeholders guaranteed access to key policymakers. These new norms, policies, and structures served to empower stakeholders and increase their authority in Bank decisions. Insofar as civil society helps erode the independence of international organizations like the Bank, it can be said to be establishing the preconditions for global democracy.

However, the biggest changes in Bank policy relied on government influence (cf. Fox and Brown 1998a). The broad reform agenda, focusing on participation, poverty targeted interventions, and structural adjustment, and which was widely embraced by civil society early in the IDA process, succeeded because it was supported by the IDA deputies of powerful donor nations. Later reforms, including information liberalization and creation of the World Bank Inspection Panel, resulted directly from US influence. Cuts in the Bank's funding also resulted from unilateral donor decisions.

This use of national power meant that civil society influence mirrored the power imbalances among the Bank's member nations, rather than correcting those imbalances.

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<sup>28</sup> This conversation was recounted to me by two different civil society leaders with direct knowledge of these events. It is also referenced in Wade (1997), p. 727.

Civil society exploited the predominance of powerful actors. The use of state power, in turn, facilitated imbalances within civil society. Those organizations with the strongest national connections had a significant advantage in advancing their agendas, whereas those without a strong presence in the relevant donor countries were effectively excluded from deliberation.

Moreover, civil society organizations were more than willing to use their advantages in undemocratic ways. The NGOs lobbying for cuts in the Bank's funding, as well as informational liberalization and the creation of the Inspection Panel, exploited insider access to key US policy-makers. The Bank Information Center acted as a strategic gatekeeper, filling meetings with a disproportionate number of anti-IDA NGOs. It also vastly favored environmental NGOs over development organizations, although, as the last chapter showed, the former were more inclined to be skeptical of the World Bank.

As a result of these early connections and efforts, Bank skeptic actors enjoyed a significantly more prominent role in Congressional hearings than IDA supporters. Once present, the Bank skeptics depicted their positions as representing the majority of civil society and the majority of stakeholders, despite the fact that the former was untrue and the latter unverifiable. They encouraged lawmakers to accept their statements by emphasizing their domestic political influence and exploiting populist grievances with little relation to the IDA itself. They succeeded in gaining cuts in Bank funding that were anathema to most other participants in the process and used the Bank's resulting vulnerability to push through policy reforms designed mostly to support their environmental agenda.

## **Conclusions**

The data presented in this chapter have specific relevance for questions in the literature regarding civil society's mechanisms of influence and its independence, particularly as affected by its interactions with national governments. These findings, in turn, contribute towards answering this thesis' overarching question of whether data about the World Bank support the idea that civil society has the capacity to democratize global governance.

As shown in this chapter, the literature describes numerous types of civil society influence, including various means of improving accountability, transparency, and dialogue. All of these mechanisms are used in the IDA-10 in one form or another.

Thus the case gives broad support for the existing descriptions of civil society influence.

However, as described in Chapter 4, the organizations involved in the IDA were largely atomized in their objectives. As a result, each group or ad hoc alliance pursued its goals individualistically. Organizations exploited personal political connections, ignored competing claims from other CSOs, and even acted as gatekeepers to exclude competing views from key policy discussions. Indeed, the possibility that one's organization or group could achieve policy victory by working alone seems to have created a disincentive towards dialogue or coalition building; why engage in the inevitable compromises of coalition work when one can achieve one's complete agenda? The new channels of citizen control over the Bank were thus dominated by a select group of powerful civil society actors. Therefore the data also lend support to those authors, such as Woods and Wade, who express concern regarding the ways in which civil society influence privileges powerful populations.

Of particular relevance in this regard is the role of state influence. The data indicate that some of civil society's most powerful mechanisms of influence, including financial accountability, required the assistance of powerful states. This enhanced the power of civil society organizations with strong connections to those states. In the case of the IDA-10, once the US Congress became the most significant venue of debate, policymaking was dominated by those organizations with existing ties to Washington legislators, experience with US legislation, and domestic political influence. Thus the use of state influence may magnify the power of existing elites, particularly in an institution like the World Bank in which certain states (namely Bank donors) have significantly more power than others (Bank borrowers).

Noting the importance of state influence, however, is not to say that civil society is wholly reliant on the state. Although some of civil society's influence may depend on the state, civil society retains significant independence. As shown, civil society can manipulate state behavior through its domestic political connections and its ties to key policymakers. Civil society may play the interests of different states against one another. Civil society can also act independently of the state, for example through international protests or publicity campaigns. This evidence of civil society's agency and independent means of influence addresses concerns raised by Price and others that civil society may be wholly dependent on the state (Price 2003; Risse 2000). It also

seems to contradict Raustiala's more structuralist approach, which depicts civil society as a mere handmaiden of the state (1997).

These findings, in turn, have relevance for the broader constructivist-realist tension described in Chapter 2. The importance of state influence serves as an important indicator that international policymaking is not a bilateral duel between civil society and international institutions, fought wholly in the realm of public opinion and new norms. Rather, states continue to have significant influence over international institutions, sometimes exercised in very material ways (such as financial pressure).<sup>29</sup> The data at the Bank thus point to the need to perhaps merge constructivist and realist thinking. In so doing, the data support aspects of the work of Keck and Sikkink, Risse, and others who combine state power and norms in their models of civil society influence. Risse's work on 'normal spirals' seems particularly well supported, insofar as Risse argues that norms gain power through their codification in international law or their acceptance by states (2000). The fact that civil society can act via the state, often through domestic political activity, suggests that the modeling of international policymaking (including civil society's place therein) should be multi-layer. It should consider both domestic and international dynamics and the connections between the two (see, for example, Putnam 1993; cf. Moravcsik 1993).

In terms of the larger question of democratization, civil society's collective contributions to Bank policymaking were, interestingly, both democratizing and antidemocratic. As argued in Chapter 2, civil society is an authority in international policymaking and thus must be judged on both its inputs and its outputs. The data in this chapter indicate that civil society has some genuine independence and agency. Thus, insofar as civil society can be assumed to represent some stakeholders, its impacts at the Bank represent a new, independent mechanism of stakeholder input. Moreover, civil society itself has created new means of stakeholder control over the World Bank, through promoting new policies of transparency, accountability, and dialogue. Thus it has broadly enhanced stakeholder control over the institution. These results may be considered democratic outputs.

At the same time, civil society seems to have exacerbated the inequality among the Bank's stakeholders by concentrating power in the hands of a minority of civil

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<sup>29</sup> States also, of course, retain control over bilateral and multilateral policy-making, which may not involve any international institutions. However, as noted in Chapter 1, such state-to-state negotiations have different dynamics than institutional policymaking, and are thus beyond the scope of this thesis.

society actors, many of which seem closely connected to the populations of wealthy, powerful states. Because civil society does not improve stakeholder inclusion or equal representation in Bank policymaking, it cannot be said to enhance democratic input. Indeed, it may worsen it. This finding casts doubt on civil society's capacity to democratize the World Bank. The next chapter explores the idea of input further by examining civil society's impact on local representation.

## Chapter 6

### Civil Society and Local Representation

Data from the IDA-10 indicate a need to consider in more detail the impact of civil society on the role and influence of state governments in Bank policymaking. On the one hand, the data presented in Chapter 5 on the mechanisms of power demonstrate that states continue to play an important role in Bank policymaking. As noted there, civil society involvement in Bank policymaking is not simply a bilateral engagement between the Bank and civil society, but rather a multilateral affair involving interactions between civil society, the Bank, and states. On the other hand, the data presented in Chapters 3 and 4 indicate that civil society may not be an adequate representative of many of the Bank's stakeholders. Civil society organizations from Bank donor nations had power in the IDA-10 and achieved notable impacts, but they were also unaccountable to developing country populations and were likely to pursue agendas defined by their pre-existing interests rather than agendas created in dialogue with Southern civil society organizations.

For these two reasons, governments may form an important alternative to civil society as an avenue of representation for their citizens in international policymaking. This would be particularly true for democratic governments, insofar as there is some measure of accountability to the national population. Democracy, according to the terms used in this thesis, requires equal citizen authority or value expressed via some representative mechanism and resulting in institutional responsiveness to the will of the majority. Therefore the impact of civil society on governments' ability to act as representatives of their citizens has direct impact on this thesis' overarching question of whether civil society engagement with the World Bank indicates a capacity to democratize global governance.

It is also significant to note that data from the IDA-10 reveal a direct conflict between many civil society organizations and the governments of Bank borrower nations. Statements by many civil society organizations regarding borrowing populations were often what Marschall calls "we the people' type of claims", that challenged the representivity of any conflicting claims made by borrowing states (1999

p. 173). Claims of the IDA-10 CSOs were either so broad as to assert a de facto representation of a majority of local stakeholders or otherwise alleged that the people the organization claimed to represent, even if a minority of stakeholders, were entitled to special consideration in policymaking. For instance, during the IDA-10 a representative of Church World Service and Lutheran World Relief claimed to be acting on behalf of “the people of the borrowing countries”.<sup>1</sup> Bruce Rich of Environmental Defense Fund suggested that rural, pre-industrial populations ought to enjoy a privileged status because their lifestyles were more sustainable and natural (Rich 1994). In addition, the IDA-10 CSOs openly contested the right of states to represent their citizens; they challenged the representivity of certain states and often acted to undermine the influence of developing country governments in international policymaking. Given this thesis’ focus on comparing data about the World Bank with existing ideas regarding civil society’s democratizing potential, it is important to examine exactly what impact, if any, civil society’s attacks on government had on the overall democratization of Bank policymaking.

This chapter also presents an opportunity to test one of the hypotheses advanced in Chapter 2. In applying the context and legitimacy framework to the existing literature, I suggested that transnational civil society intervention in domestic policymaking risked undermining local democracy.<sup>2</sup> This risk is particularly great in developing nations. Because most international civil society organizations are headquartered in the global North, they are not subject to the local laws or regulations of developing countries, except perhaps for those actions taking place on the soil of the nation affected. As seen in Chapter 4, the connections of international civil society organizations to populations outside their membership or funding base may also be tenuous. Moreover, civil society organizations may seek to privilege those portions of the local population that support the organizations’ international agenda. To the extent that such interventions may overturn decisions made by democratic governments, they

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<sup>1</sup> Letter to the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy, 28 April 1993.

<sup>2</sup> This is not to say that transnational civil society should never intervene in local issues. Some intervention may be incidental. For instance civil society organizations developing a global norm against human rights abuses may wish to shine a spotlight on the abusive practices of a particular state; global policies on fishing or whaling affect countries that undertake such activities; etcetera. Moreover, democracy involves the protection of liberal rights and, as noted in Chapter 2, transnational civil society interventions in support of such rights is de facto democratically legitimate. Here I am referring specifically to targeted, local interventions which are not designed primarily to defend the rights of local citizens.

undermine the function of the local democratic system and impinge upon the representation of the majority of citizens. In examining the interactions between civil society and governments, this chapter also investigates the domestic ramifications of transnational civil society activism, and uses the resulting data to test the Chapter 2 hypothesis.

This chapter proceeds in four parts. It begins by examining the literature related to interactions between transnational civil society and states and comparing this literature with the data from the IDA-10. The chapter then examines briefly whether partnerships between international and local civil society organizations can make international advocacy more representative. It finds that international actors tend to dominate and local actors tend to become detached from local realities. In the third section, the chapter explores civil society involvement in the Narmada Dam project; protests against the dam helped catalyze some organizations' opposition to the IDA-10. Based on the IDA-10 and Narmada data, the chapter concludes that civil society engagement in World Bank policymaking exacerbates the existing imbalance between donor and borrower nations at the World Bank and may impede the functioning of national democratic processes.

### **Contesting State Authority**

Traditionally, citizen interests in international policymaking are presumed to be represented by their governments. Although even democratic governments may not represent all of their citizens equally, such governments are, in theory, at least nominally accountable to the voters that install them. Thus, when considering civil society's impact on representation, it is important to consider its impact on government influence. As this section will show, a variety of research indicates that civil society involvement in international negotiations may erode the authority of the weaker governments participating in such negotiations. At one level, this is because civil society influence is of greater benefit to powerful states, such as the Bank's big donors, than to weaker ones, like its borrowers. At another level, it is because civil society organizations allied with powerful states may encourage state activism in a way that limits the role of weaker players.

Civil society can magnify government influence in international negotiations. Civil society organizations allied with a certain government can monitor the actions of other parties in a negotiation, provide research and technical advice, or rally domestic

support (Raustiala 1997). Improved information and solid domestic backing can allow a government to negotiate more effectively in the international arena (cf. Putnam 1993). However, the effectiveness of such assistance is proportional to the pre-existing power of the state. If a state already has power within the World Bank system, civil society may enable it to use that power more effectively; however, if the state lacks power, civil society can do little to improve its authority vis-à-vis other states.<sup>3</sup> Thus civil society reporting on environmental devastation in the Amazon, mentioned in Chapter 3, was used by the US to identify shortcomings in the World Bank's environmental safeguards and push for improvement. Yet during the early 1990s, civil society monitoring of the negative impacts of structural adjustment was significantly less effective in allowing poor states to contest the Bank's structural adjustment policies. In short, while civil society participation may expand the impact of already strong states, its magnifying force has less benefit for weaker actors. The result, as Raustiala also concludes, is that "the benefits to states of NGO participation are unevenly dispersed and unevenly received" (1997 p. 726).<sup>4</sup>

Even more importantly, civil society organizations allied with powerful states may push those states to assume activist roles that they would not otherwise assume. As noted in the previous chapter, NGOs can exploit domestic political concerns to prompt government action in the international arena. Such action is imbued with a certain sense of moral hazard: policymakers bear few immediate consequences for their actions but may reap the domestic benefits (Wade 2001; see also Pralle 2003). Abugre and Alexander find that "activism by US NGOs has probably expanded the already disproportionate role of the United States in the international financial institutions, especially World Bank" (quoted in Woods 2005, p. 166).<sup>5</sup>

The past 15 years have seen a proliferation of Northern-backed conditionalities generated by civil society and imposed via the World Bank and other international institutions on developing country governments (Stiglitz 1999; Woods 2005; Manji

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<sup>3</sup> Raustiala also makes this point, noting that "NGOs need the coercive power of states to realize the behavioral and policy changes they seek" (1997 p. 726).

<sup>4</sup> Raustiala draws this conclusion based on his analysis of the roles played by NGOs under in a variety of international environmental treaties and the role of civil society in the restructuring of the World Bank's Global Environment Facility in the early 1990s.

<sup>5</sup> Woods cites her source as: Abugre, Charles and Nancy Alexander. 1998. Non-governmental organizations and the international, monetary, and financial system, *International Monetary and Financial Issues for the 1990s, Vol. IX*. Geneva: UNCTAD.

and O’Coill 2008; cf. Andersen 2000).<sup>6</sup> In exchange for loan money, borrowers are required to cut government spending, remove trade barriers, conduct environmental assessments, limit resettlement, earmark funds for social services, or focus new spending on primary education. By exploiting the dominant power of donor nations in an already undemocratic system, civil society can further marginalize less developed nations like the World Bank’s borrowers (Woods 2005). At the same time, such conditionalities have the potential to undermine the ability of developing country governments to respond to the needs or will of their citizens. As a result, excessive conditionalities risk undermining democracy in developing nations (Stiglitz 1999; cf. Mani and O’Coill 2008). A particularly pernicious effect can occur when donors view international NGOs rather than developing country governments as the legitimate guardians of the interests those countries’ citizens. This occurs most clearly when donors use development organizations to establish alternative systems of social service provision that parallel or replace existing government functions (Manji and O’Coill 2008). However, since the early 1990s, advocacy NGOs have also made persistent claims to represent poor populations in international negotiations better than those populations’ own governments. In several instances, such claims have been heeded by international actors.<sup>7</sup>

As will be shown below, such patterns manifested themselves in interactions between global civil society and the World Bank during the IDA-10. The conditions attached to World Bank funding by donor nations had the effect of disrupting the marginal *de facto* influence enjoyed by borrowers in the loan-writing process. It pitted borrower governments against certain civil society organizations, and the CSOs won. Privileged access to donor governments also allowed certain civil society organizations to depict themselves as the legitimate proxies of developing country citizens. The result was that developing country authority in the World Bank system was diminished as official borrower representatives were forced to compete against foreign advocates for the right to speak on behalf of their own populations.

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<sup>6</sup> Robert Wade, “The US Role in the Malaise at the World Bank: Get Up, Gulliver!” paper presented at the G24, 24 August 2001.

<sup>7</sup> Two examples, the cancellation of the Sardar Sarovar project in India and the Arun III dam in Nepal are discussed in this chapter and the next, respectively.

*Authority and Structure at the World Bank*

The World Bank has a board of 24 executive directors, but over 150 member countries. Representation is assigned to members primarily on the basis of the total capital they have contributed to the Bank. In 1990, the US had a 15.1 per cent voting share in the International Bank for Reconstruction and Development (IBRD) and a 17.2 per cent voting share in the International Development Association (IDA) (Gwin 1994 p. 55). In the case of the events studied in this thesis, the IBRD board was responsible for ratifying changes in overall Bank policy, such as information liberalization, whereas the IDA board was responsible for IDA-specific decisions, such as the suspension of the Narmada Dam project. However, the boards have the same structure, and countries that are members of both the IBRD and the IDA are represented by the same executive director on both boards. Therefore the difference between the two in terms of political pressures and policymaking dynamics is marginal, and Bank staff generally refer to a single entity, "the board," when describing administrative decisions and their impacts. This thesis follows that model.

As a result of the capital-voting share system, donor countries have hugely disproportionate power in Bank decision making. During the Bank's 1996 fiscal year (1 July 1995- 30 June 1996), which marked the close of the IDA-10 period, the US, Japan, Germany, France, and the UK were the Bank's most powerful members. Together they controlled 35 per cent of the board vote on IBRD decisions and 42 per cent on matters pertaining to IDA.<sup>8</sup>

Donors also had a disproportionate voice in board discussions. Each of the five major donors appointed their own executive director to the board. In contrast, the next most powerful executive director (Walter Rill of Austria), had to balance the interests of 10 countries, all of whom together commanded only 5 per cent of the IBRD vote (and 4.3 per cent of the IDA). Bangladesh, Bhutan, India, and Sri Lanka all shared a director and just 3.6 per cent of the IBRD vote. Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, Togo, and the Democratic Republic of Congo (then called Zaire), also had just one voice on the board and a combined 1.7 per cent IBRD vote. In fiscal year 1996, only 5 of the 24 directors themselves came

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<sup>8</sup> World Bank Annual Report 1996.

from countries poor enough to be eligible for IDA funds.<sup>9</sup> In short, developing countries could be overridden by donor countries during votes and they had very few representatives in board discussions.

This situation was magnified in the IDA negotiations themselves. In 1992-1993, only donors to the IDA were permitted to participate in the negotiations.<sup>10</sup> Participants included nineteen European countries, plus South Africa, Brazil, Mexico, Saudi Arabia, Korea, Kuwait, and Turkey. Of these, only Korea and Turkey had ever been IDA-eligible, and they had graduated from the program in 1973. None of the participants in the negotiations would themselves be subject to the IDA rules they were writing, because they would never (or never again) qualify for IDA loans.<sup>11</sup>

Whatever marginal power developing countries enjoyed they exercised at the project level. Bank projects were collaborative efforts between Bank staff and country governments. While Bank staff sometimes ran the show, many projects genuinely originated with developing country governments and responded to government-identified needs. Country influence was potentially enhanced by the professional aspirations of Bank staff who, as the 1992 Wapenhans Report revealed, felt that career success rested on making large loans. Favorable relations with borrowers made it easier to suggest new projects and develop further borrowing.<sup>12</sup>

Multiplying conditionalities, however, restricted staff's technocratic freedom and narrowed the autonomy of borrower governments even in planning their own projects. Structural adjustment limited governments' spending options and forced the privatization of national industries. Environmental reforms advanced by US and European campaigners inhibited borrowers' freedom to calculate their own trade-offs between the environment and development. Granted, some conditionalities may have been beneficial to certain stakeholder populations. Bank social safeguards, for instance, may have limited the ability of borrowers to ignore the rights of minorities or

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<sup>9</sup> The EDs for FY1996 came from the US, Japan, Germany, France, UK, Austria, Canada, Netherlands, Mexico, India, Italy, Pakistan, Sweden, Brazil, Switzerland, New Zealand, China, Saudi Arabia, Russia, Kuwait, Malawi, Thailand, Argentina, and Comoros. Of these, India, Pakistan, China, Malawi, and Comoros were eligible for IDA funds.

<sup>10</sup> Borrowers were granted observer status in the mid-1990s.

<sup>11</sup> World Bank, "International Development Association", <http://go.worldbank.org/83SUQPXD20>, accessed 14 July 2009.

<sup>12</sup> One manifestation of this occurred during negotiations over information policy, in that Bank staff seemed particularly concerned with preserving borrower prerogatives.

to forcibly resettle restive populations.<sup>13</sup> Regardless of their ultimate impact, however, the increasing number of conditionalities sent a clear signal to the Bank's staff: the Bank's future would depend on pleasing donors, not cultivating borrowers.

### *Southern Governments and the IDA-10*

Not surprisingly, most borrower countries opposed the various conditionalities imposed via the initial IDA-10 agreement, as well as subsequent lobbying on information disclosure and the Inspection Panel. Few 'on-the-record' statements exist recounting Southern government positions on specific conditionalities. However, a number of statements do exist regarding the environment.

Environmental conditionalities were a contentious issue even prior to the start of the IDA-10 negotiations. In discussions at the Earth Summit in Rio in June of 1992, developed nations raised the idea of making aid contingent on environmental preservation. As, Kamal Nath, India's minister of environment and forests recounted:

They [developed countries] say, 'Yes, we are the major polluters, so we must pay. But now that we pay, we must dictate also'... That is the ridiculousness of it. I don't think you can shove the environment down anybody's throat.<sup>14</sup>

A delegate from Uganda echoed the sentiment. Jessica Ocaya-Lakidi, permanent secretary at the Ugandan environment ministry noted that, "We don't yet have the big industries. We are lagging so far behind that we don't talk of industrial pollution. Finance is the most important thing to us".<sup>15</sup>

Northern civil society organizations were perceived by many Southern governments to be fomenting North-South tension. Even environmental campaigners themselves recognized that their priorities were not necessarily shared by the governments which would be impacted by environmental reform.<sup>16</sup> However, they were quick to depict Southern governments as autocratic and unrepresentative,

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<sup>13</sup> During the 1980s, Bank funding was used for security-oriented resettlement by the governments of both Brazil and Indonesia, and had come under heavy attack by transnational activists.

<sup>14</sup> Eugene Robinson, "At Earth Summit, South Aims to Send Bill North; Developing Nations, Putting Priority on Growth, Say Cleanup Is Possible -- for a Price", *The Washington Post*, 1 June 1992.

<sup>15</sup> *Ibid.*

<sup>16</sup> See, for example, Barbara Crossette, "The Earth Summit: What Some Preach in Rio Is Not What They Practice at Home", *The New York Times*, 15 June 1992.

illegitimate regimes whose will could be easily dismissed.<sup>17</sup> Thus it was unsurprising that India, when faced with the civil society-driven cancellation of the Narmada Dam project “viewed the criticism by environmentalists as an affront to its sovereignty”.<sup>18</sup>

This sense of tension was also highlighted by the Congressional testimony of Lisebo Khoali-McCarthy of FAVDO. Contrasting her statement with that of the Northern organizations also testifying, she stated that “African NGOs... want an openness, we want to work with our governments”. She warned that efforts to funnel more lending through private voluntary organizations would “undermine the legitimacy and impact” of African governments, and asked that African leaders be allowed to decide the economic affairs of their own countries.<sup>19</sup> CARE, in its Congressional testimony, supported her statement.<sup>20</sup>

### *Attacking Borrower Legitimacy*

Sentiments like those of FAVDO and CARE were in the minority among civil society organizations. A much larger group of CSOs attacked the legitimacy of borrower governments. One joint statement given by the Sierra Club and Environmental Defense Fund decried “gross negligence and delinquency on the part... of the Indian government” and denounced South Africa for giving aid to the dictatorial regime in Malawi.<sup>21</sup> Narmada Bachao Andolan, writing of the Indian government, opined that “the elite in our own country are bent upon promoting projects that are highly centralized, that lack people's participation, and those that benefit are only the elite”.<sup>22</sup> The World Wildlife Fund argued that even in the democratic nations of the developing

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<sup>17</sup> See, for example, Barbara Crossette “Movement Builds to Fight Harmful Projects in Poor Nations”, *The New York Times*, 23 June 1992.

<sup>18</sup> Steven Holmes “India Cancels Dam Loan from World Bank”, *The New York Times*, 31 March 1992.

<sup>19</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993. See also Nelson (1997) p. 427.

<sup>20</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>21</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

<sup>22</sup> *Ibid.*

world, decision making that WWF would consider legitimate “doesn’t happen very often”.<sup>23</sup>

Most of the CSOs involved did not base their accusations of illegitimacy on a lack of functional democracy. Instead, many indicated that democracy was a moot issue. Bruce Rich, for instance, acknowledged that in a series of negative Bank projects in Brazil, it was ultimately the Brazilian legislature and courts that had brought redress for human rights victims and reined in the worst impacts (Rich 1994 pp. 289-91). Nonetheless, he argued that “borrowing countries [bear] the responsibility for the environmental and social destruction caused by certain projects” (Rich 1994 p. 116). He further claimed that “[p]ervasive corruption [makes] many Southern governments as much a part of the problem of poverty as the solution” (Rich 1994 p. 244). The Natural Resource Defense Council, in much more subtle terms, also indicated that democratic governments might mistreat their citizens.<sup>24</sup> Even Church World Service and Lutheran World Relief contended that the IDA and IBRD should “begin to shift lending toward countries with the most effective and consistent pro-poor policies”.<sup>25</sup> New conditionalities would pay no attention to whether countries were democratic or not: “the Bank can’t make decisions on political grounds and that has been interpreted to mean that it can’t look at a country’s form of governance and then decide how it loans to that country”.<sup>26</sup> All borrowers would need to be directed and supervised.

### *Guiding Borrower Development*

As noted, the primary solution to borrowers’ perceived inadequacies was targeted interventions and strict conditionalities that minimized the borrower governments’ role in designing the loan or managing the funds. David Reed, director of the World Wildlife Fund’s International Institutions Policy Programs, reasoned that “we cannot pass a country through a filter and see [if] it is democratic or not... but we can assure

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<sup>23</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Glenn Prickett, Senior Associate, International Programs, NRDC, testimony during hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993. See testimony of David Reed of WWF for a similar statement.

that the benefits go to the sector that needs it most”.<sup>27</sup> Thus the IDA agreement included specific earmarks for anti-poverty spending and provisions for enforcing and expanding existing safeguard policies. However, campaigners also sought to develop a watchdog role for themselves, to limit Bank influence, and to create a new accountability mechanism, the World Bank Inspection Panel.

Civil society as watchdog: Certain organizations proposed a watchdog role that would codify international civil society involvement in future policymaking processes, especially inside developing nations.<sup>28</sup> Whereas groups like Bread for the World spoke only of a need for greater ownership and participation for grassroots populations, more radical groups like Friends of the Earth stipulated that reforms “ensure that affected people and *knowledgeable NGOs* are involved in WB projects from the earliest planning to monitoring after construction”.<sup>29</sup>

This was in keeping with the claims made by many of the civil society organizations participating in the IDA-10 to speak for broad swaths of the world’s population, particularly developing country citizens. For instance, Church World Service and Lutheran World Relief reinforced their calls for new policies with the declaration that “for too many years donors, NGOs and the people of borrowing countries have settled for minor reforms in IDA lending”.<sup>30</sup> The signatories of the October 1992 *New York Times* newspaper advertisements denouncing the Bank claimed to be speaking on behalf of Indians. Several groups jointly submitted an “International NGO Statement Regarding the 10th Replenishment of the IDA” that was, in fact, signed predominantly by organizations from donor countries. Other examples are discussed in the previous chapter. Thus, even as they questioned the right of developing country governments to represent their citizens, civil society organizations arrogated that right to themselves. Interestingly, some donor nations seemed quite willing to allow this to happen. The US already consulted American

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<sup>27</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>28</sup> For instance, Church World Service/Luther World Relief opined during the May 5<sup>th</sup> Congressional hearings that the Bank “should ensure that affected populations and interested nongovernmental organizations are involved in all stages” of country poverty assessments. Other organizations advocating expansive roles for civil society included Friends of the Earth, Environmental Defense Fund, the Sierra Club, and Greenpeace.

<sup>29</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993; emphasis added.

<sup>30</sup>Ibid.

civil society organizations on policy towards the multilateral development banks via the Early Warning System and the Tuesday Group, and the US executive director, Pat Coady, had close relations with several US NGOs.<sup>31</sup> Several interviewees for this research likewise indicate that Evelyn Herfkens, the Dutch executive director, was extremely accessible to civil society. US Treasury notes indicate that while some IDA representatives, including those from Germany and Australia, maintained that the deputies should only deal with member governments, others, including the French, British, and Italians, believed that the deputies could find “representative” NGOs. Thus it is perhaps unsurprising to later find U.S. Representative Barney Frank, as described in the previous chapter, inviting the US-based NWF to speak for all of Asia.<sup>32</sup>

Slimming the Bank: Another solution put forth by campaigners was to reduce the power of the World Bank by cutting its funding. Although the campaigners accused developing country governments of persistent human rights abuses and environmental destruction, anti-IDA campaigners saw the Bank as “a key accomplice” (Rich 1994 p. 157). After other donors ratified the IDA-10 agreement, the anti-IDA NGOs lobbying Congress argued that the US should withhold funding from the Bank and instead redirect it, in the words of the Sierra Club and Environmental Defense Fund, through “bilateral, grass-roots, poverty-alleviation oriented efforts”.<sup>33</sup> Such bilateral arrangements, of course, would have only magnified the power of the domestically connected NGOs pushing for the IDA cuts.

The Inspection Panel: The ultimate manifestation of these various trends – delegitimizing borrower governments, substituting civil society as an alternative representative, and reducing the Bank’s power – was the World Bank Inspection Panel. The panel, which was heavily supported by Barney Frank and US environmental advocacy NGOs, was created in 1994 as part of the Bank’s bid to ensure that the US released the one third of the IDA funds that Frank’s committee had withheld. The panel’s rules stipulated that any group of two or more citizens in a borrower country

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<sup>31</sup> Information comes from a source working in the US ED’s office at the time.

<sup>32</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>33</sup> Hearings before the US House of Representatives Subcommittee on Foreign Operations, Export Financing, and Related Programs on the Foreign Operations, Export Financing, and Related Programs Appropriations for 1994, 1 March 1993.

could, under certain conditions, make an appeal for the review of a World Bank project.

Governments were ostensibly the originators and implementers of any given project in their territory. Thus while the panel allowed citizens to explicitly question the Bank's performance, it was a de facto means of citizen appeal against government approval of any given project. Democratic and undemocratic governments alike would be subject to it. At the same time, civil society was legitimated. Although the panel specified that claims must be made by two citizens, this was a minimum number. In practice, claims would turn out to be made by organized groups, with Washington-based NGOs being very involved in the appeals process. This pattern was not unanticipated; to the contrary, informants indicate that US environmental NGOs supported the panel primarily as a means of enforcing the conditionalities for which they had already lobbied. In effect, civil society was given a permanent mechanism for policing the Bank. At the same time, the Bank was restrained. The panel was compelled to give each case preliminary consideration (although a full investigation required a board vote) and the criteria upon which the Bank would be judged would be its staff's adherence to the various rules and safeguards which some of the IDA-10 CSOs had been promoting for a decade. The panel's sponsors in both government and among the IDA-10 CSOs were seemingly unconcerned with the potential for such a system to be used by minority groups or a political opposition to bring extra-national pressure to bear on a local government or to use such pressure to overturn the policies of a democratically elected government. Indeed, two senior civil society staffers present during the IDA-10 negotiations who were interviewed for this thesis indicated that the US environmental NGOs supporting the panel viewed it as a means of enforcing the policies *they* had promoted, rather than as a means of empowering local populations. The potential for a panel appeal to overturn the decisions of a democratic government was demonstrated in the Panel's first case, the Arun III dam in Nepal. This case will be discussed in detail in the next chapter.

In summary, the civil society campaigners in the IDA-10 used the replenishment to force a number of reforms on the Bank which diminished borrower autonomy. A wide variety of civil society organizations, including member-funded faith-based organizations and government-funded development service providers, pushed for a greater emphasis on pro-poor spending and popular participation. Environmental safeguards were strengthened. Later, after the Narmada Dam fallout

and the schism between more radical reformers and moderates, the Bank-skeptic faction pushed through reductions in Bank funding, changes in the information policy, and the creation of the Inspection Panel. These restricted the types of funds available to borrowers and the ways in which borrowers could use them (cf. Stiglitz 1999). At the same time, NGO-driven activism by donor governments forced Bank staff to prioritize placating donors over cultivating relationships with borrowers. IDA-10 activists questioned the legitimacy of borrower governments without regard to those governments' democratic credentials, and emphasized themselves as alternative representatives of borrower citizen interests.

### *Civil Society, Governments, and Representation*

As shown in the previous chapter, civil society, international institutions, and governments all play roles in the creation of international policy. However, during the IDA-10, activists helped undercut the influence of a particular subgroup within this triumvirate: borrower governments. Although a few civil society organizations supported borrower governments, the majority of those actively involved in the policymaking did not. Organizations challenged the legitimacy of member governments and encouraged donor states to attach conditionalities to the IDA-10 which would limit the ways in which borrowers could use World Bank funds. Civil society influence effectively reduced the power of borrowers vis-à-vis donors, and created new mechanisms by which civil society could monitor or contest borrower activity.

Determining whether this impacts the representation of borrower citizens requires comparing the relative merits of civil society and governments as means of representation. As noted previously in this thesis, the representivity of any actor in international policymaking is difficult to prove. However, one can observe the impact of civil society activism on the functioning of democracy and the international influence of democratic states.

Undercutting existing democracies: Challenging the legitimacy of developing country governments may have seemed justified in 1992-93 when many of the Bank's borrowers were nondemocratic nations. Yet within five years the majority of the Bank's borrowing population would be living in democratic states, as countries like Mexico, Brazil, Indonesia, and Ghana became more fully democratic. Granted, there is some concern that some such states have 'illiberal democracies' (see Zakaria 1998).

Nonetheless, practitioners from the global South have themselves stated that most citizens now live under democratic governments and that the spread of democracy has altered civil society-state relations (Mobogori and Chigudu 1999; Naidoo and Tandon 1999). The state has become a potential ally and collaborator for many civil society organizations in developing nations. Governments may fall short of ideal democratic performance, but they pass a certain threshold of real-world democracy at which they may be considered legitimate (cf. Moravcsik 2004).

Within a democratic state, it is natural for competing factions to seek influence. However, broad claims to representivity, such as those made by US NGOs claiming to speak on behalf of all Indians or Asians can undermine democratic debate by obscuring the identity of the faction for which the organization is actually speaking. (As shown in Chapter 4, the agendas and activities of these US organizations seemed closely tied to the desires of their American members and funders.) Attacking the government is likewise counterproductive, insofar as the government itself provides the arena in which claims can be contested and balanced. Thus one activist states:

‘We the people’ type of claims... are not only false and misleading; they can also undermine a CSO’s credibility and seriousness. In addition, these claims suggest that politicians and public officials do not act ‘on behalf of the people’ and that they en bloc are morally inferior to citizen activists. Although we all know of corrupt and immoral public officials, the generalization is false and unjust. (Marschall 1999 p. 173)<sup>34</sup>

Because of the ambiguous democratic credentials of many of the IDA-10 borrowers, it is difficult to know whether the IDA-10 activists challenged the authority of democratic states. However, the type of behavior manifested by civil society organizations during the IDA-10 does appear to be unhelpful to the functioning of democracy.

Valuing democratization? Significantly, the majority of civil society organizations involved in the IDA-10 seemed unconcerned with whether their activities helped or hindered the development of democracy in borrower states. Instead, most of the powerful international NGOs involved in Bank negotiations assessed government legitimacy based not on democratic credentials, but rather on

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<sup>34</sup> See also Mobogori and Chigudu 1999, and Wiesen, Prewitt, and Sobhan 1999.

agreement or disagreement with their positions. Even civil society organizations without radical advocacy agendas were unwilling to acknowledge the legitimacy of specific governments. Instead, as described in Chapter 3, the majority of NGOs lobbied for strong conditionalities, targeted aid, and even the use of nongovernmental agents as service providers.

If civil society were replacing the unrepresentative borrower governments with some more representative voice, it could reasonably be said to be promoting representation. However, the IDA-10 CSOs did nothing of the sort. In addressing issues of domestic policy during the IDA-10, they used sweeping language and vague imputations that did little to facilitate the representation of specific populations. Moreover, the CSOs themselves seemed to care little about the democratic rights of the people they claimed to represent. It challenged the legitimacy of democratic and undemocratic governments alike and imposed policies via the World Bank that might otherwise have been the subject of vigorous local debate. At the international level, supporting the authority of democratic regimes might have given some developing country citizens direct input in international policy debates. Instead, transnational civil society actors involved undercut the authority of all borrowers, making borrower country citizens more dependent on transnational civil society for representation. None of these things prove that the policies promoted by civil society were themselves unrepresentative. However, it does cast doubt on the claims made by practitioners and academics that civil society pursues the best interests of stakeholders.

### **Local Civil Society and Citizen Representation**

One common means by which the transnational civil society organizations involved in the IDA-10 bolstered their representative claims was to associate themselves with developing country civil society. InterAction stressed its connections to African organizations by inviting FAVDO to testify on its behalf before Congress. EDF included statements from Narmada Bachao Andolan along with its testimony. The NGO Working Group on the World Bank drew credibility from its mix of Northern and Southern members. IDA deputies skeptical of Northern NGO demands also

arranged a meeting with members of Southern organizations, in the expectation that these NGOs would be more representative.<sup>35</sup>

Nonetheless, an existing body of empirical research, referenced below, gives several reasons why developing country civil society involvement does not guarantee the accurate representation of local needs in the global arena. The key question is how local organizations become involved in international policymaking. As noted in the first chapter of this thesis, international advocacy requires resources and connections that many civil society organizations lack.

Some of the civil society organizations in developing nations with the strongest ties to international processes are, in fact, those that have been created by outside donors. Since the later 1980s, a number of donors have sought to fund civil society in developing nations. Donors have included foundations, Northern governments, international institutions, and well-resourced NGOs. Driven by a desire to circumvent an objectionable government, discourage bureaucratic build-up, or maintain influence while controlling costs, these actors have sought to develop local, nongovernmental channels to deliver services (Howell and Pearce 2002 pp. 89-93). Donors have also sought to encourage political activism and promote democracy by developing civil associations (Howell 2000 p. 12; cf. Putnam 2001).

'Manufactured' civil society organizations are not wholly lacking in agency. They may be able to repurpose donor funding towards their own ends. Nonetheless, donor involvement may encourage organizations to cultivate favor with funders rather than developing a strong, grassroots base (Kopecky and Mudde 2004). Donor interests may imbue the development or 'strengthening' of civil society with an element of donor perspective and influence. Where donors fail to understand local political and economic dynamics, they may 'manufacture' civil society organizations which are unable to act as effective watchdogs or advocates. Donors also tend to produce professional NGOs more than other types of civil society organizations (Howell 2000). Moreover, when cultivating civil society as a voice of the people, donors may give the most emphasis to the voices they like best (Howell and Pearce 2002 pp. 118-22).

Even where strong local organizations originate indigenously, international connections may compromise their local credibility and focus. In South Africa, for

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<sup>35</sup> US Treasury, "IDA Deputies Meeting, Dublin, July 1-2, 1992, 'The Environment'", 30 July 1992. Deputy interest in meeting with CSOs from borrower countries culminated in the meeting held 16 September 1992 between deputies and six NGOs, hosted by the World Bank.

instance, international partners have become more demanding and selective of their local partners since funding has decreased following the end of apartheid. This has resulted in a situation “favouring elite-based and mainly urbanized civil society organizations, and almost completely excluding smaller organizations with rural constituencies” (Fioramotti 2005 p. 78). This, in turn, distorts the current civil society representation of South Africa in global discussions:

A few big NGOs... interact with international donors and participate in global civil society networks. On the other hand, many grassroots community-based organizations that focus on advocacy and service provision show very low levels of sustainability and their capacity to influence political decisions is extremely limited. (Fioramotti 2005 pp.78-9)

In short, international NGOs and global networks may cherry-pick their local partners, choosing those that best suit the agenda or operating style of the international counterpart. This Northern-selected coterie, in turn, becomes the face of the local population in international civil society campaigns and any resulting dialogues or negotiations.

Efforts to build genuine partnerships between Northern and Southern civil society organizations seem to have fared little better. Where funding comes from the Northern organization, the Southern counterpart is generally treated like a junior partner. Increasingly even such unequal partnerships have been redefined. The proliferation of objectives and reporting requirements set by the funding organization has rendered many Southern service-providers de facto subcontractors (Simbi and Thom 2000). Even in advocacy situations, Northern actors running a ‘global’ campaign may feel free to ignore the input of developing country partners in order to maintain a consistent political agenda. In Jamaica, for instance, local advocates favored a cooperative approach to reforming structural adjustment policies, seeking to recognize both the need for both macroeconomic reform and the protection of vulnerable populations. Their international partner, Christian Aid, however, was already running a much more adversarial global campaign with the objective of radically reforming structural adjustment and finding alternative processes. While Christian Aid did not obstruct local Jamaican advocacy efforts, it declined to incorporate its partners’ perspectives into its international, ‘partner-informed’ campaign (Nelson 2000). Similarly, in India and Sri Lanka, Oxfam’s work for fair

trade in agriculture and improved working conditions for garment workers (respectively) helped bring credibility and contacts to local organizations and give their causes greater visibility in the global North. At the same time, however, Oxfam played a dominant role. In India, Oxfam selected local organizations as partners and allies for a program conceived of and run by the international organization. In Sri Lanka, Oxfam brought together the coalition of local NGOs working on the issue and helped provide them with funding (Atkinson 2006 p. 65). In both cases, Oxfam's involvement "changed the terms of debate" and introduced an element of top-down influence into the advocacy campaign (Atkinson 2006 p. 68).

In short, there is no guarantee that developing country civil society involved in international advocacy will have strong grassroots ties. Local organizations enter into international policymaking through connections to international donors. Such organizations are likely to be beholden to those donors. Donors may also choose which organizations to fund based on the donors' own agenda. This trend holds true regardless of whether such donors are states, institutions, or other civil society organizations. Well-resourced or well-connected civil society organizations may develop local partnerships, but in so doing they may select local partners purposively to match pre-existing goals, or otherwise ignore the input of de facto junior partners. The implication is that the involvement of developing country civil society organizations in transnational civil society campaigns does not guarantee that such campaigns are connected to the populations they generally impact.

### **The Sardar Sarovar Project**

The challenge of determining who represents the populations affected by transnational policymaking is demonstrated in the activism surrounding the Sardar Sarovar project. The transnational civil society campaign which began against the project in 1989 also demonstrates some of the ways in which transnational civil society can challenge the authority and independence of national governments. The project, which funded the construction of a series of dams in the Narmada River Valley, was heavily influenced by both local activists and, later, an international civil society campaign. As noted in Chapter 3, the Bank's decision to continue funding for the project in the face of activists' protests helped catalyze the decision of certain NGOs to oppose funding for the IDA-10. The perception of Bank wrong-doing in the project, reinforced by the

findings of the Morse Commission, also provided justification for the creation of the World Bank Inspection Panel.

This section uses primary source data to examine the claims made by civil society actors involved in the process. Travel to India or a thorough survey of stakeholders in the project was beyond the scope of this thesis. However, there was ample published data available. This section makes use of two published accounts by leaders of Narmada Bachao Andolan, including Medha Patkar (Dharmadhikary 1995; Patkar 1995). A leader of the first Indian NGO to be involved with the project, Arch-Vahini, has also written an account (Patel 1995). The government perspective is represented by an extended recounting of an Indian office (Gill 1995) and statements in the media. To understand involvement by international NGOs, I interviewed John Clark, who headed international advocacy for Oxfam UK when it was Arch-Vahini's partner, and Bruce Rich, who initiated EDF's relationship with NBA. Lori Udall, who worked for EDF and later International Rivers Network, has also written two accounts of the campaign (Udall 1995; 1998). Additional analysis is provided by Fisher (1995a), Mehta (1994), and others. With the exception of some of the international NGO staff and some of the commentators, all sources are Indian.

It should be noted that the purpose of this section is not to judge conclusively the representivity of the local or international civil society organizations involved with Sardar Sarovar, nor of the Indian government. Instead, the goal is to demonstrate that: (i) civil society claims to representivity, even when made by local organizations, must be critically assessed; (ii) drawing local actors into transnational advocacy campaigns may further obscure representivity or subvert local interests to an international agenda; and (iii) transnational civil society can successfully challenge the authority of sovereign states in global policymaking.

#### *Origins of the Project: 1946-1985*

The idea for a series of dams in the Narmada Valley was conceived by Indian leaders in 1946, just prior to independence. Planning for the project began in 1965. The project was designed to provide drinking water, irrigation, and electricity for the inhabitants of India's northwest, especially in the state of Gujarat (Fisher 1995a, pp. 12-13). The government planning the project was internationally recognized as a democratic one. Jawal Nehru, India's first prime minister, recognized that the project would negatively impact some of the indigenous people living in the project area.

However, he believed the development would be for the good of the country (Mehta 1994). Moreover, the governments of each of the affected Indian states – Gujarat, Maharashtra, and Madhya Pradesh – were involved in project planning (Fisher 1995a). The government finalized its plans in 1979, and in 1985 the World Bank approved funding for the project.

The major problem with the project was that it would displace up to 250,000 people as the dams flooded sections of the valley and irrigation canals were dug across farmland. Although the scale of displacement was truly massive, the Bank had been involved with other projects involving forced resettlement. In the case of the Narmada project, however, the government initially made no plans to resettle the majority of the citizens forced out by the project. This was because the Indian government had retained a British colonial act under which the colonial government had expropriated all forest land. The majority of the project-affected people lived on such timberland. Their presence on the land predated the British act; they had essentially had their rights to the lands taken from them by the colonial government. Nonetheless, the Indian government used the forestry law to declare the Narmada Valley inhabitants “illegal encroachers” who were not entitled to resettlement (Patel 1995 p. 180; cf. Fisher 1995a; cf. Mehta 1994). Both the national and state governments treated them as such. The situation was compound by the fact that most of the valley residents were tribal people (or ‘tribals’) who were already socially and politically marginalized.

#### *Indian Civil Society: 1985-1989*

Arch-Vahini, an Indian development NGO working in the area, began hearing about the problem from local residents in the early 1980s. For Arch-Vahini, the issue was essentially one of human rights, particularly pursuing the recognition of the property rights of the valley tribals. In 1983, Arch-Vahini contacted the World Bank on behalf of the so-called encroachers and other valley residents. The Bank commissioned a study of the tribal situation, and the resulting report was very critical of the Indian government’s treatment of the tribals. In 1984, tribals in Gujarat and Maharashtra held a protest against the project, which attracted massive press attention in India. Arch-Vahini also enlisted the help of Oxfam-UK, which acted to lobby the World Bank directly on behalf of the valley residents (Patel 1995).<sup>36</sup> Participants from both Oxfam

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<sup>36</sup> Information confirmed in author’s interview with John Clark, 7 December 2007.

and Arch-Vahini agree that, in this instance, the agenda was driven by the grassroots. However, there was also no international campaign. Instead, most activism took place within India, supplemented by careful and somewhat collegial efforts to lobby the Bank. As a result of these efforts, the final loan agreement for the project, signed in 1985, included resettlement provisions for these previously unrecognized peoples. The late 1980s and early 1990s were spent using the Indian legal system and administrative appeals to enforce the resettlement provisions. The struggle was extremely difficult and contentious, but ultimately successful. Persons to be displaced by the project were referred to by local campaigners and government officials as ‘oustees’. The Gujarat oustees working with Arch-Vahini, the largest group of project-affected people, eventually received terms that, in Arch-Vahini’s recounting, satisfied the desires of villagers facing displacement. All male oustees over a certain age were promised plots of arable land; the ‘illegal squatters’ had become landowners (Patel 1995).<sup>37</sup>

Through the late 1980s, the emphasis of most of the activism had been on pursuing favorable terms of resettlement. In 1988, however, a new, anti-dam agenda emerged as other organizations became involved in the lobbying. The Environmental Defense Fund and its local partner, Narmada Bachao Andolan (NBA), were at the forefront of this movement.

NBA, like Arch-Vahini, was a professional NGO from outside the river valley. However, it was more ecologically oriented and enjoyed the support from members of India’s intelligentsia and urban middle-class. As it began work in the Narmada Valley in 1986, it sought to “challenge the underlying assumptions and validity of the project,” rallying villages into direct opposition (Udall 1998 p. 395). It was led by a veteran activist named Medha Patkar. In 1987, one of the founders of the Indian NGO Lokayan (Voice of the People) contacted his friend Bruce Rich of the Environmental Defense Fund to discuss the project. Rich visited the Narmada Valley and toured the dams’ submersion area, guided by Patkar. Patkar requested Rich’s help in attracting attention to the project.<sup>38</sup> Rich, working with Lori Udall, another key EDF staffer, began building an international campaign.

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<sup>37</sup> Ibid.

<sup>38</sup> Author’s interview with Bruce Rich, 19 February 2008, Washington, D.C.

*Transnational Activism: 1989-1993*

The international campaign, led by environmentalists, fundamentally changed the nature of the Narmada. Instead of fighting for just resettlement, international NGOs fought to stop the project. NGOs working in World Bank donor countries enlisted the aid of their governments in pressuring the Bank to cancel the project. NGOs also expanded the focus of protest, turning the project into a referendum on the World Bank's behavior. In this regard, the Narmada campaign built on the earlier international protests against the Bank's Polonoroeste project in Brazil. The project in India was run by an entirely different set of staff, and the Bank had been one of the primary advocates for the rights of the people to be displaced by the dam, pressuring the Indian government to adjust its plans in order to accommodate them (Patel 1995). Nonetheless, the Bank was depicted as a primary culprit.<sup>39</sup> In 1989, the US Congress held hearings on the project and in 1990 Japanese NGOs held an international symposium to discuss the Narmada situation (Udall 1998; cf. Udall 1995). The Japanese government pulled bilateral funding from the project, and the Bank's executive directors began discussing an independent review (Patkar 1995; cf. Fox 1998). As noted in Chapter 3, these discussions eventually culminated in the Morse Commission and the resulting cancellation of the project.

As the international campaign flourished, however, it seemed to become further and further removed from the people in the Narmada Valley. Gill and Patel agree that the majority of locals were more interested in reasonable resettlement terms than stopping the dam (1995; 1995; cf. Mehta 1994). NBA itself was originally focused on the resettlement terms as well. Only after its partnership with EDF did it announce total opposition to the dam (Patel 1995 p. 912; Udall 1998 p. 396; Gill 1995 p. 239).

By 1989, Patkar was insisting that the people in the valley would rather drown than move from their homes (Udall 1998; Rich 1994). This statement was extremely surprising: even NBA's allies recognized that the organization had had to work to develop local interest in its anti-dam, ecologically-oriented approach. Patkar herself noted ruefully that not all valley-dwellers were sufficiently committed to the cause (e.g. Udall 1998; Mehta 1994). Meanwhile, the majority of oustees, the Gujaratis

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<sup>39</sup> See, for instance, advertisement, "Your Tax Money - Funding Yet Another World Bank Disaster: Why thousands of people will drown before accepting the Sardar Sarovar Dam", *The New York Times*, 21 September 1992; Udall (1995) also exemplifies this.

working with Arch-Vahini, had accepted the resettlement terms offered by the Indian government (Patel 1995).

To prevent a collapse in local support for the anti-dam movement, NBA cordoned off the areas in Maharashtra state that would be inundated by the dam construction. No government officials or consultants were permitted into the area. This inhibited the government's ability to survey the villages to be submerged and make plans for resettlement. It also gave NBA primary control over contact between government officials and the villages. Many of the villages in the valley were extremely remote and only accessible on foot. When government officials sought to visit the villages to hear villager demands and negotiate resettlement, they were detained by members of NBA, and in some cases, threatened or beaten. Even government health and education staff were banned from the valley and government clinics were closed by the activists (Gill 1995).

Meanwhile, NBA declared itself the sole representative of a large group of Maharashtra oustees, more than 30 villages. The oustees had earlier requested to be resettled on government land in the Taloda forest. After much negotiation, including pressure from the World Bank, this land was released by Indian forestry officials to be used for resettlement. Yet when NBA was informed of the arrangement in 1990, it unilaterally rejected the offer (Patel and Mehta 1995 pp. 403-4). Environmental Defense Fund and international allies exacerbated the impasse, declaring that the oustees did not want the Taloda land (Patel 1995 p. 193). It took almost two years for the tribals themselves to learn of the offer. When they did, in April 1993, they denounced NBA's representation and chastised the Maharashtra government for allowing the organization to speak on their behalf (Patel 1995 p. 196; Gill 1995; cf. Mehta 1994).

Despite this upheaval, Environmental Defense Fund and its allies still claimed in their October 1992 newspaper advertisements that the Narmada Valley dwellers would rather die than be resettled. In 1993, NBA joined American environmentalists in vehemently denouncing the World Bank. In a letter addressed to Barney Frank, and entered into the record during the hearings held by his Congressional subcommittee, NBA wrote of the "intense feelings that are brewing in India and, in fact, in the whole third world about the World Bank" and urged Frank to "to respond to the voices of

millions of poor and disadvantaged all over the world” by eliminating the IDA and the IBRD.<sup>40</sup>

*Loan Cancellation: 1992-1993*

Pressure from Indian and international activists eventually forced the World Bank to initiate a review of the project. By 1991, civil society protests had convinced several key decision makers at the Bank that a review was necessary (Fox 1998; Udall 1995).<sup>41</sup> The decision, however, was catalyzed by NBA and Medha Patkar. After an NBA-organized protest was prevented by police from occupying the dam site, Patkar began a hunger strike. She insisted that her strike would not end until a comprehensive review of the dam project was promised. The protest and hunger strike forced the Bank into action, and an independent review as promised (ibid; also Wade 1997).

US NGOs played a significant role in selecting personnel for the Independent Review. Bradford Morse, although the titular head of the review, was in poor health. Most of the work would be done by his deputy. US-based environmentalists helped ensure the selection of Thomas Berger, a Canadian lawyer with a strong record of supporting indigenous rights (Wade 1997).

Some of those involved with the review on the ground saw other signs of environmentalist influence. Arch-Vahini complained that they were never invited to meet with the reviewers, despite the organization’s longstanding involvement in the project (Patel 1995). In contrast, representatives of the US-based NGOs EDF, FoE, and BIC, along with the Canadian group Probe and the Indian organization Lokayan (which had introduced Rich to Patkar) all met with the review in Washington, DC, in August 1991, a month before it had even begun its official work (Udall 1995). The final report, released in June 1992, was extremely negative and seemed to call for a halt in the project. Arch-Vahini, however, questioned the report’s methodology and its findings: “far from being impartial, the Report of the Independent Review has gone out of its way to ‘prove’ or ‘establish’ facts that show the projects in a negative light” (Patel and Mehta 1995, p. 413). Leaders of the group also held that the review was methodologically flawed and ignored key data (ibid).

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<sup>40</sup> Hearings before the US House of Representatives Subcommittee on International Development, Finance, Trade, and Monetary Policy on Authorizing contributions to IDA, GEF, and ADF, 5 May 1993.

<sup>41</sup> As noted in Chapter 3, Dutch executive director Herfkins had close relationships with many civil society organizations.

The report was released in June 1992 but any concerns about its accuracy received no coverage in public discussions of the dam. Instead, anti-dam activism, including the threat to attack IDA funding, made in September 1992, took center stage. The Indian government and Bank staff fought to preserve the project. They were supported by other developing country governments; during the October board vote on the project, the board voted to preserve the loan despite calls from the executive directors representing the US, Germany, Japan, and several other developed countries to suspend the project (Udall 1995). Six months later, however, it was clear that the project had failed to meet benchmarks included in the Bank's remediation plan. Rather than face cancellation at the hands of the Board, the Indian government voluntarily cancelled the remaining installments of the Sardar Sarovar loans. A *New York Times* account of the cancellation noted that "The Indian government has viewed the criticism by environmentalists as an affront to its sovereignty, and an example of Westerners telling a developing nation how to run its affairs".<sup>42</sup>

### *Analysis*

It is impossible to know with exact certainty which organizations best represented the valley dwellers affected by the project. Both NBA and Arch-Vahini were professional NGOs and outsiders in the valley area. Both had international partners with the potential to influence them. Nonetheless, Arch-Vahini's credibility seems somewhat sustained by the fact that the project-affected Gujaratis, who constituted the majority of those displaced by the project, accepted the deal it negotiated and that the oustees from Maharashtra also sought its help (Patel 1995). In contrast, at the height of its power, NBA found itself denounced by a significant number of the groups it claimed to represent and found its coalition of Indian partners disintegrating (Patel 1995; Mehta 1994).

International NGOs were key to the policy work of both organizations. Arch-Vahini's link to policymaking at the World Bank was via one of its funders, Oxfam-UK. Although Arch-Vahini met with some Bank staff and consultants in India, Oxfam also negotiated with Bank staff on Arch-Vahini's behalf.<sup>43</sup> NBA's international influence was significantly bolstered by the Environmental Defense Fund and US organizations allied with EDF.

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<sup>42</sup> Steven Holmes, "India Cancels Loan From World Bank", *The New York Times*, 31 March 1993.

<sup>43</sup> Author's interview with John Clark, 7 December 2007.

Oxfam's influence on Arch-Vahini is unclear. Although the relationship was one of donor and recipient, both sides suggest that Arch-Vahini determined the agenda (Patel and Mehta 1995).<sup>44</sup> NBA and its international partners also claim that NBA led the campaign. Nonetheless, it is clear that NBA's agenda shifted as it became involved in a powerful international campaign, reflecting more closely the agenda of its donors. The anti-resettlement agenda, while actively promoted by EDF and its allies, was instrumental in its loss of local support (Mehta 1994; cf. Patel 1995).

In short, the project featured two strong local civil society organizations, both with reasonable claims to represent project-affected people. However, although initially allied, the claims of the two CSOs became directly opposed. Each claimed to represent the whole of the persons being displaced in the valley, yet one stressed fair resettlement (and the continuation of the project) while the other insisted that the project be cancelled. There is nothing in the claims themselves that can allow us to determine which CSO represented the majority of stakeholders. The involvement of international NGOs only adds to the confusion. When Arch-Vahini and NBA shared the goal of fair resettlement terms for the oustees, their international allies (specifically Oxfam and EDF) worked alongside one another. When the two Indian NGOs pursued opposing agendas, so did their international counterparts. The massive, international anti-dam campaign that grew out of EDF's efforts seemed to pay little heed to the interests of the project's planned beneficiaries. To the contrary, even NBA itself admitted that it opposed the dam in part because the dam's benefits would accrue to hundreds of thousands of city dwellers and farmers, rather than to the people being displaced. Yet it is also unclear that the international anti-dam campaign had the support of the people it claimed to represent, the Narmada oustees. Several sources indicate that better resettlement terms and jobs offers from the government had persuaded many indigenous people not to oppose the project (Mehta 1994; Patel 1995; cf. Gill 1995). It is true that in the short term Arch-Vahini and NBA were both effective in helping to protect the rights of the Narmada Valley dwellers and holding the Indian government accountable to its promises to the World Bank. The only clear benefit of the cancellation campaign, however, was for NBA's international partners, who used the Narmada issue to great effect in attacking Bank.

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<sup>44</sup> Information confirmed in author's interview with John Clark, 7 December 2007.

## Conclusions

As noted earlier, the representative claims made by civil society in the IDA-10 and elsewhere cannot not be proven. Despite lacking any provable claim to represent developing country citizens, civil society organizations during the IDA-10 willingly contested the right of developing country governments to represent their citizens in international negotiations. Although many of the Bank's borrower nations lacked democratic regimes during the replenishment period, some significant players like India had well-established democracies. At least in theory, such governments were accountable to the majority of their citizens. Nonetheless, many of the international civil society organizations involved in the IDA downplayed the importance of national democracy. Rather than assessing the democratic credentials of any given government, they seemed to view as illegitimate any government that disagreed with their preferred policies. Moreover, the conditionalities that civil society organizations succeeded in attaching to IDA funding further impinged on borrower independence. Limiting the authority of democratic governments, either domestically or internationally, may limit the number of avenues of representation enjoyed by developing country citizens. The tendency to disregard even democratic governments and to conditionalize lending to them suggests that the majority of civil society actors may have been more interested in imposing their agendas than developing or engaging with possible representatives of Southern populations' interests.

North-South partnerships may do little to ameliorate these challenges. Civil society actors from developing countries are often linked to international networks by their donors. Research, much of it from development studies, indicates that externally funded civil society organizations may lack strong grassroots support. This is not to say that all developing country civil society lacks independence. Many genuinely grassroots civil society organizations exist in the developing world and even some that are donor-funded retain significant agency. However, international civil society actors, particularly well-funded organizations coordinating international campaigns, may select local partners purposively to support pre-existing goals. Such local counterparts may also be treated as junior partners and freely ignored by more powerful organizations if their ideas conflict with established objectives.

The Sardar Sarovar case illustrates these various difficulties. Conflicting claims by two well-established local civil society organizations demonstrate the difficulty of establishing representivity. Each of the two major local civil society

actors chose a different international patron. Arch-Vahini worked with its donor, Oxfam-UK, to engage with the World Bank. Narmada Bachao Andolan established a relationship with the Environmental Defense Fund. Even though NBA was financially independent from EDF, the international anti-Narmada Dam campaign EDF helped launch seemed to influence the policy positions of NBA. In particular, the decision to oppose the resettlement of project-affected people and push for wholesale cancellation was first generated by international NGOs, including EDF, and was only later echoed by NBA. Moreover, the international anti-Narmada campaign actually ignored the stated desires of project beneficiaries and the dissenting voice of a key local NGO, Arch-Vahini. The local and international pressure from civil society organizations initially helped force the Indian government to recognize the rights of the people displaced by the project and honor previous resettlement commitments. However, in the longer term the international campaign against the dam seemed to undercut the ability of the government to advance Indian's interests internationally, and the cancellation of the dam may have been contrary to the interests of its numerous planned project beneficiaries.

### *Democratic Legitimacy*

In short, the data from the IDA-10 lend support to those authors who express concern about the marginalization of developing country governments or about inequalities in North-South civil society. However, the data also demonstrate civil society's potential for positive impacts. The tension between these two observations highlights the usefulness of the context-based criteria developed in Chapter 2.

Within the Indian context, global civil society sometimes sought to play the role of reformer or advocate. Civil society can help create and enforce transnational democratic norms, as it initially did in India by gaining government recognition for the rights of Narmada outsees. According to the definition of democracy used in this thesis, which requires the recognition of rights, civil society helped remedy a shortcoming in Indian democracy. This is an important, democratically legitimate output. Civil society also enhanced the transparency and accountability of both the Indian government and the World Bank. These are important democratic throughputs. If we were to judge civil society using either the reformer criteria (which emphasizes output) or the advocacy criteria (which emphasizes throughput) we might say that the

Narmada case indicates that civil society is making positive contributions to global governance.

However, the larger picture reveals that transnational civil society is more than just an advocate or reformer. Rather than simply holding the state accountable to democratic principles in the Narmada case, civil society campaigners used international pressure to overturn the domestic policy of the Indian government. The CSOs involved acted in spite of Bank efforts to protect outsee rights and, in most cases, without reference to the interests of India's broader, national population. The fact that transnational activists were able to overturn the decisions of a democratic government supports the concerns raised in Chapter 2 regarding transnational civil society interventions in domestic affairs.

The rest of the data from this chapter also emphasize civil society's role as an authority. As occurred elsewhere in the IDA-10, civil society may compete with developing country governments for the power to speak for their citizens in international policymaking processes or work to undermine local government authority for the sake of advancing organizations' agendas. Civil society exists as an independent actor in the international realm, capable of engaging with both governments and states.

Viewed through the lens of the authority criteria, the data in this chapter reinforce the pattern observed in Chapters 4 and 5: transnational civil society engaging with the World Bank produces some democratic outputs but its behavior may also obstruct democratic inputs. The data here, however, are more ambiguous than in previous chapters. Not all governments have equally valid democratic credentials and, although civil society cannot be proven to represent any given group of stakeholders, it cannot be proven *not* to represent them either. Overall, this chapter emphasizes the importance of a nuanced approach to evaluating civil society's impact on the democratization of global governance, including a careful consideration of those civil society activities that impact domestic policy. As the data about the Bank engage with the existing literature on civil society and global governance, they also highlight the need for the continued exploration of North-South dynamics.

### *Reversing the Boomerang*

One particular area meriting additional research are roles of Northern and Southern civil society actors in initiating activism. In their landmark work on global activism,

*Activists Beyond Borders*, Keck and Sikkink present their boomerang theory of influence: civil society organizations in the global South enlist the aid of partners in the North to circumvent local government obstacles. The campaign begins in the South, moves to the North, and then returns to the South bearing increased power and influence.

The details of the 10<sup>th</sup> IDA, however, indicate that a 'reverse boomerang' is also possible. Civil society organizations in the global North selected Southern partners willing to support pre-existing agendas. Northern organizations then used this Southern support to bolster and legitimate their claims to represent large stakeholder populations, thus lending credibility to their policy goals. This, at least in the US Congressional hearings, helped convince key policymakers to support the positions of certain CSOs. The pattern of influence thus moved from the North (where the agenda was formulated) to the South (to acquire partners and legitimacy) and then back to the North (in the form of political pressure on key policymakers). This pattern, and possible implications for civil society's capacity to democratize global governance, will be discussed in greater detail in the thesis' conclusion.

## Chapter 7

### Beyond the 10th IDA

This thesis has identified a number of key dynamics governing the behavior of civil society organizations seeking to influence World Bank policy. Individual organizations appear to work to advance their ideological goals without consulting many of the stakeholders impacted by their actions, particularly developing world populations. Financial interests play a key role in determining which organizations participate in a particular campaign or policy-making dialogue, giving funders disproportionate influence over the make-up of the campaign or the chorus of voices participating in the dialogue. Moreover, civil society organizations often make use of the influence of powerful nation-states in advancing their international agendas. Such assistance, in turn, is prompted by domestic political pressure or national concerns. The result of these dynamics is that civil society organizations with good connections in powerful nation-states tend to have a disproportionate amount of power. Such elite organizations have little incentive to conduct meaningful policy dialogue with other civil society actors, particularly when conflicting financial incentives between organizations make compromise unlikely. Partnerships between elite organizations and civil society organizations in the developing world also seem to have limited impact on the behavior of the more powerful actors or on the representivity of a larger group or coalition.

As a result of the pressures and incentives facing individual organizations, the collective influence of civil society may do little to enhance stakeholder representation. Civil society's collective pressure can help create or enhance transparency, accountability, and dialogue, and it has used such channels to impact particular policies and projects. However, the control of such channels is distributed in a highly unequal manner. Well-connected or well-resourced organizations dominate civil society's collective impact.

This thesis suggests that civil society's ability to democratize global governance must be judged by whether civil society improves democratic inputs and outputs in transnational policymaking. In the case of the World Bank, civil society

has eroded the World Bank's independence, increasing stakeholder control over the institution. In terms of this thesis, this gives civil society some output legitimacy. However, civil society has done little to improve the equality of authority among stakeholders themselves, to ensure that Bank policies are representative, or to improve the accessibility or inclusivity of Bank policymaking. Indeed, transnational civil society may magnify existing imbalances in the power between North and South by attacking Southern governments in international policymaking negotiations. These factors, taken together, indicate that transnational civil society lacks input legitimacy.

The analysis of civil society engagement with the World Bank does support many aspects of the pro-civil society literature, particularly the work of those authors who suggest that civil society can improve the accountability and transparency of international organizations. In the terms of this thesis, however, these forms of throughput legitimacy are not sufficient to demonstrate a democratizing capacity, because there is no evidence that such improvements in throughput will serve stakeholders equally, rather than increasing the power of certain elites. Thus these findings challenge those aspects of the literature that suggest that transnational civil society is democratizing global governance.

The bulk of the data that informs these preliminary findings is drawn from the 10<sup>th</sup> IDA negotiations and the events immediately surrounding them. As shown in Chapter 2 and elsewhere in this thesis, these conclusions are also supported by elements of the academic literature, including research from development studies and those voices within political science which are more skeptical of transnational civil society's democratizing capacity. The question remains, however, as to whether the patterns observed in the 10<sup>th</sup> IDA are replicated in other interactions between the World Bank and civil society. This chapter seeks to answer that question by examining two additional case studies.

### **Choosing Additional Case Studies**

It is difficult to find even one case study equivalent to the 10<sup>th</sup> IDA. When asked for equivalent examples, current and former Bank staff interviewed for this research all concurred that there has not been a civil society movement as large or as impacting as the 10<sup>th</sup> IDA. Other IDA replenishments have attracted civil society attention, but nowhere near the level of the IDA-10. Some specific project loans have attracted the attention of protestors, but most protest campaigns have had either a fairly narrow

membership or have been ineffective in changing Bank policy. For example, the massive NGO campaign in 1999 against the China Western agricultural resettlement project drew support largely from existing pro-Tibet sentiments (Wade 2009; Clark and Treacle 2003).<sup>1</sup> Other protests have had similar regional connections or an issue focus only tangentially linked to the Bank. One former Bank vice president also noted that after September 11, 2001, the volume of aggressive attacks by NGOs against the Bank had substantially diminished. He suggested that for a public confronted by the specter of violent terrorism, the idea of a development institution posing a serious threat to human well-being lacked credibility. Instead, underdevelopment itself has been seen as a factor encouraging terrorism. At the same time, isolated concerns over the environmental impacts of specific development projects have been upstaged by a focus on global warming and greenhouse gases. The raucous protests that once seemed to permanently reside in the park opposite the World Bank's main Washington office are now largely a thing of the past.

The staff of those NGOs involved in the IDA-10, as well as many of their colleagues, likewise agree that no subsequent campaign has involved as many actors as the IDA-10 or produced such significant results. The lack is not a manifestation of satisfaction: many of the NGOs originally involved in Bank reform still have Bank-focused elements in their agendas. Newer organizations also continue to press the Bank for change. However, civil society has been unable to organize itself around a single cause, and no one issue or event has attracted as much widespread attention as the 10<sup>th</sup> IDA. These responses reinforce some of the theories suggested in this thesis: several of the NGO staff involved in the IDA-10 who were interviewed for this thesis suggested that the Bank reform movement has lacked a core group of coordinated activists since the Charles Stewart Mott Foundation began redirecting its funding to other areas in the mid-1990s.

Outside commentators sometimes point to the Jubilee 2000 anti-debt campaign, which was founded in 1996, as an important case study of civil society's impact on global governance. However, the Jubilee campaign was not focused exclusively on the World Bank and its degree of impact on the Bank is unclear. The Bank was already developing debt relief procedures prior to the launch of Jubilee 2000. Interviews with

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<sup>1</sup> Officially the China Western Poverty Reduction Project, this project would resettle 60,000 poor farmers onto newly irrigated land near the Tibetan Autonomous Region. Opponents claimed that the project would displace Tibetan people and amounted to 'genocide' against Tibetans.

Bank sources indicate that the Bank was considering the importance of debt relief in the early 1990s, in response to staff pressure and pre-Jubilee lobbying by other NGOs.<sup>2</sup> The HIPC I debt-relief program was under development in 1995, and was launched in 1996 – the same year Jubilee 2000 was inaugurated.<sup>3</sup> HIPC I was criticized as having excessive conditionalities, and pressure from CSOs like Jubilee helped prompt the creation of the Enhanced HIPC initiative (also known as HIPC II) in 1999.<sup>4</sup> However, Jubilee was arguably encouraging a trend already present in the Bank. Also, Jubilee itself was skeptical of its degree of impact on the Bank, and focused much of its attention on the IMF and the G8.<sup>5</sup> Thus, while Jubilee had a very important impact on debt relief, its impacts on the Bank are difficult to assess. Moreover, its general approach – targeting several institutions at once – makes it difficult to compare directly with Bank-focused campaigns like the IDA-10. For both these reasons, it was not chosen as a case study.

While there has been no recent equivalent to the IDA-10, the World Bank and civil society continue to engage with one another. Gatherings like the World Social Forum and Davos have given some organizations from less developed countries a more prominent voice, if not necessarily more influence. At the same time, many erstwhile development groups, most notably Oxfam, have been expanding their advocacy operations and launching global and regional campaigns. The combination of significant resources, ground-level networks, and a stock of credibility and public goodwill have made these “implementation” groups formidable advocates.

The Bank itself came away from the 10<sup>th</sup> IDA much more interested in dialogue with civil society, even if some of that interest was driven by the Bank’s need to protect its funding. Civil society dialogue was given a major boost by the presidency of James Wolfensohn (1995-2005). Wolfensohn, seeking to learn from the mistakes of his predecessors, sought to engage personally with the Bank’s major civil society critics. During his tenure, staff also codified procedures for ground-level consultations with local civil society and regional staff began engaging with civil

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<sup>2</sup> The UK-based World Development Movement, for instance, preceded Jubilee by at least five years in its work on debt relief. See <http://www.wdm.org.uk/debt-campaign>, viewed 19 July 2010.

<sup>3</sup> World Bank. 2003. The HIPC Initiative: Progress and Prospects. *Precis*. World Bank Operations and Evaluation Department. Available at [http://lnweb90.worldbank.org/oed/oeddoclib.nsf/24cc3bb1f94ae11c85256808006a0046/b2e88ec35c7c686885256ce60076439c/\\$FILE/HIPC\\_precis.pdf](http://lnweb90.worldbank.org/oed/oeddoclib.nsf/24cc3bb1f94ae11c85256808006a0046/b2e88ec35c7c686885256ce60076439c/$FILE/HIPC_precis.pdf). Viewed 19 July 2010.

<sup>4</sup> *Ibid.* See also Barrett, Marlene (ed.) 2000. *The World Will Never Be the Same Again*. Available at [www.jubileedebtcampaign.org.uk](http://www.jubileedebtcampaign.org.uk). Viewed 19 July 2010.

<sup>5</sup> *Ibid.*

society organizations in their areas (Pallas 2005). The combination of Wolfensohn's influence, interest from within the Bank and the Bank's member governments, and growth in the number of CSOs seeking to engage with the Bank led the Bank to begin to consolidate and strengthen its efforts to engage with global civil society. The Bank established the Civil Society Team in 2002 and in 2005 the Bank's board endorsed a paper titled "Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations" which included specific action items. In 2006, the team expanded and was re-titled the Global Civil Society Team.<sup>6</sup> The team helps connect civil society organizations looking to engage with the Bank with those specific Bank staff whose work is most relevant to the organizations' interests. It also keeps the Bank aware of new civil society trends and agendas, and seeks to develop best practices for Bank engagement with civil society actors.

In light of these evolutions, the thesis will examine two case studies, one from mid-1990s and the other very recent in the 2007-2008 period. The earlier case, the Bank's cancellation of the Arun III dam project in Nepal, was selected because it is one of the few clearly effective civil society campaigns to have occurred since the IDA-10. The anti-dam campaign, which featured the first use of the World Bank's Inspection Panel, not only resulted in the cancellation of a major project; it also helped cement the credibility of the Inspection Panel and encouraged future appeals. Moreover, the international activism against the dam focused on a popular project in a democratic country. Nepal even held an election during the time of the international campaign, and the fate of the Arun-III dam was openly debated among local political activists. Thus the process by which the project was ultimately cancelled represents an unusually strong opportunity to assess some of the theories outlined in thesis concerning national democracy and international activism.

The second case to be considered is the World Bank's adoption of country systems for procurement. Between 2007 and 2008, the World Bank changed its standards for project financial management and purchasing to begin allowing borrowers to use their own national systems in lieu of the World Bank's practices. The issue attracted significant attention from industry lobbyists, the International Labor Organization, and a number of concerned NGOs. These actors raised questions about

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<sup>6</sup> Information on the GCS Team comes from the author's interviews with Bank staff with direct knowledge of the team's activities, including a former team member. See also the team's website, <http://go.worldbank.org/8DJ82AMKB0>, viewed 16 February 2008.

the policy's potential impacts on competition, labor standards, aid effectiveness, and corruption. The resulting advocacy effort was relatively small and met with only limited success. However, the case provides an opportunity to examine outside engagement with the Bank post-9/11 and in the context of growing global acceptance of a civil society role in governance; the case also involved the Bank's Global Civil Society Team. In addition to these factors, the country systems case study was chosen because it has the virtue of being one of the Bank's most recent places of policy engagement with civil society. Most of the key events took place during the writing of this thesis, and I was able to attend a number of key meetings as a participant observer. I developed a working relationship with one of the lead lobbyists and was thus made privy to email debates among the activists and discussions between activists and the Bank. As a result, the country systems policy change provides detailed insight into current Bank engagement with civil society.

The chapter finds that the data from these two case studies support the thesis' conclusions about the behavior, influence, and impact of civil society organizations. In particular, both cases show the self-interested behavior of civil society organizations and highlight their use of national governments for influence. Particularly clear in both instances are the ways in which civil society can enhance the control of some stakeholders (by enhancing transparency, accountability, or dialogue) while undermining equality of input. The Arun III case also demonstrates the potential conflicts between international campaigns and democratic governments discussed in the previous chapter, and the country systems case shows that the general patterns identified in this thesis have held true even a decade after the IDA-10.

### **The Arun III Project: 1994-1996**

The World Bank's Arun III dam project in Nepal was the first project ever appealed to the World Bank's Inspection Panel. As such it was the subject of significant international attention, much of it fomented by the civil society organizations which had lobbied for the creation of the panel. Most of this attention was negative as environmental NGOs fought the building of another hydroelectric dam and sought to legitimate the Inspection Panel with a first round victory. The Bank, having just suffered a cut in US contributions to the IDA, had created the panel in response to US pressure. The Bank too was interested in signifying its responsiveness to both civil society and donor governments and demonstrating the legitimacy of the Inspection

Panel. The citizens of Nepal, however, were much more ambivalent. A variety of evidence, discussed below, indicates that a majority of citizens, including most of those who would be directly impacted by the dam construction, supported the project.

International civil society organizations opposed to the dam created a vigorous campaign that eventually resulted in its cancellation. As will be shown, this campaign ignored much of the public sentiment on the ground, including the positions of two different democratically elected governments and the pro-dam sentiments of the communities living in the project-affected area. The Nepalese NGO filing the Inspection Panel appeal was allied with elements of the political opposition and based in the capital city, well outside the region affected by the project. Pressure from activists in donor countries helped force the Bank to review the appeal. Even when the appeal effectively vindicated the project, confirming that its design met all World Bank guidelines, international pressure resulted in a unilateral Bank decision to terminate the project. As the evidence highlights the capacity of civil society to impact international institutions and promote accountability and transparency, but it also showcases civil society actors' use of nation-state influence and the tendency of international NGOs to manipulate or ignore local concerns.

### *Background*

In the early 1990s, Nepal was a functioning democracy, albeit a young one. The Arun III dam, planned by the Nepalese government and the World Bank, was a hydroelectric project designed to exploit the energy of the Arun river. The proposed dam was unusual in that it was a run-of-the-river facility: the strength and consistency of the river's flow was such that the dam could function without the massive reservoirs typical of hydroelectric dams (Bissell 1998). Given that such reservoirs are the main cause of the forced resettlement, soil salination, and waterborne disease often associated with big dams, the proposed project had relatively few negative human and environmental impacts. Significantly, even the project's opponents failed to note any negative environmental impacts coming from the dam itself. Rather, they indicated that they believed the dam was inappropriate for Nepal's level of economic development or that the road to the construction site would be environmentally

damaging (cf. Rich 2003).<sup>7</sup> In contrast, the main concern of most villagers living in the Arun Valley was making sure that the dam's access road would run close enough to their villages to increase their economic opportunities (Bissell 1998).

The dam, however, soon became a football for political parties opposing the government, which was pro-dam. While the government promoted the dam as a solution to Nepal's energy needs, opposition politicians worried that government plans to sell surplus power to India would make the dam's profitability dependent on India's willingness to buy the electricity at a fair price. There was also some concern that the high cost of the dam would increase the price of power nationally, and that many of the benefits of the dam building would redound to India, which was supplying most of the subcontractors for the project (Udall 1998, p. 409-10).<sup>8</sup>

When the Inspection Panel opened its doors in 1994, Nepalese activists were its first claimants. In October 1994, a Nepalese NGO based in the capital city of Kathmandu requested a panel investigation of the project on behalf of just four people living in the Arun Valley (Shihata 2000, pp. 102-4). These claims, in contrast to cases like Polonoroeste or Sardar Sarovar, show no consistent evidence of government malfeasance. Two claims letters were attached to the Inspection Panel report. In one, the author complains that his claims for compensation for communal land taken to build the access road have been denied, adversely affecting his economic condition. In the second, the author complains that his economic condition was negatively impacted because the government compensated him in cash. "Since I was not used to the cash economy," he writes, "I already spent the money I received". Both authors note that they do not understand how the project will benefit them personally and that "I have been hearing that there have been many debate [sic] and controversies at local, national and international levels" (the letters use identical language). Thus, the writers each state, they are authorizing a representative of INHURED to act on their behalf.<sup>9</sup>

Although claiming to act on behalf of the residents of the Arun Valley, the national NGO INHURED "added a layer of macroeconomic issues on the claim of the

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<sup>7</sup> Also press release by Lori Udall, Washington Director, International Rivers Network, "Arun III Hydroelectric Project In Nepal: Another World Bank Debacle?", 1 March 1995. The World Bank Inspection Panel Report, "The Inspection Panel Report on Request for Inspection Nepal: Proposed Arun III Hydroelectric Project and Restructuring of the Arun III Access Road Project (Credit 2029-NEP)", confirms that the road was the only environmental issue associated with the dam.

<sup>8</sup> Also, World Bank, *Accountability at the World Bank: The Inspection Panel Ten Years On*, pp. 51-7.

<sup>9</sup> The World Bank Inspection Panel Report, "The Inspection Panel Report on Request for Inspection Nepal: Proposed Arun III Hydroelectric Project and Restructuring of the Arun III Access Road Project (Credit 2029-NEP)", 16 December 1994.

local people”, challenging the government’s macroeconomic policies and energy development plans (Bissell 1998). INHURED and its allies formed an umbrella organization called the Arun Concerned Group. The group’s primary objection to the project was that too much of its economic viability depended on the willingness of the Nepal’s neighbor, India, to purchase excess power generated by the dam. They also felt that the project was too big and would require too much debt. A lawyer for the group explained that, “It’s no exaggeration to say that Nepal’s economic future is at stake. Nepal is a poor country and this megaproject is completely inappropriate for it.”<sup>10</sup> When the economic elements of the claim were denied consideration, the INHURED moved to withdraw the entire claim. Due to the rules of the Inspection Panel, however, the claim, once initiated, could not be withdrawn.

### *Civil Society Involvement*

The claim attracted significant international attention. Anti-dam activists, who were gaining momentum following the Bank’s 1993 cancellation of the Narmada Dam project in India, seized on the issue, as did the anti-Bank NGOs involved in the Mott-funded Fifty Years is Enough campaign.<sup>11</sup> The media outreach for the 50 Years is Enough campaign was led by the International Rivers Network (IRN), an anti-dam advocacy group that shared staff with the Environmental Defense Fund. IRN received money from the Charles Stewart Mott foundation specifically to coordinate the public messages of the 23 organizations involved in the 50 Years campaign.<sup>12</sup> The Environmental Defense Fund, which had been at the forefront of the creation of the Inspection Panel and was a founding member of 50 Years is Enough,<sup>13</sup> also played a key role (Udall 1998; cf. Rich 2002). 50 Years members that were interested in the Arun III project joined with opposition political forces based in Kathmandu, Nepal’s capital. Even Richard Bissell, an Inspection Panel member who later wrote in support

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<sup>10</sup> Gopal Siwakoti, quoted by Lori Udall, Washington Director, International Rivers Network, in “Arun III Hydroelectric Project In Nepal: Another World Bank Debacle?”, 1 March 1995. See also Statement by Bikash Pandey (Alliance for Energy, Nepal) to the World Bank Board of Executive Directors, “Experience with the Arun (Nepal) Claim”, 3 February 1998.

<sup>11</sup> Cf. Report by Environmental Defense Fund, Friends of the Earth, International Rivers Network. “Gambling with People’s Lives: What the World Bank’s New ‘High-Risk/High-Reward’ Strategy Means for the Poor and the Environment”, September 2003.

<sup>12</sup> Charles Stewart Mott Foundation, “Mott Grants Program Areas: Reform of International Finance and Trade 1990-1994”, printout of relevant Mott grants made 22 May 2008. Provided to the author by the Charles Stewart Mott Foundation.

<sup>13</sup> 50 Years is Enough website, <http://www.50years.org/pdf/10thAnniversary/history.pdf>, accessed 13 July 2009.

of the cancellation, confirmed that “the least support came at the local level” (1998 p. 32)

Even prior to the Inspection Panel claim, some national and international NGOs were working to halt the project. The Nepalese NGO Alliance for Energy and the UK-based Intermediate Technology Development Group conducted independent evaluations of the project’s impacts, publicized their findings, and proposed alternative solutions to Nepal’s energy needs. Washington-based NGOs pressured the Bank to operationalize its newly liberalized information disclosure policies, with the result that the Bank finally released some of its own evaluations of the project (Udall 1998, pp. 408-13).

Accountability was exercised primarily through public pressure and the Inspection Panel. NGO protests against the dam during the Bank’s annual meeting in September of 1994 helped attract the attention of the Bank’s future president, Jim Wolfensohn, to the issue (Mallaby 2004 pp. 113-4; cf. Rich 2003). Nepalese NGOs opposing the dam engaged pro-dam factions in the press (Bissell 1998).

The Inspection Panel claim, however, made an end-run around these debates and sought to use the Bank’s own mechanisms to force the reconsideration and possible cancellation of the project. In June of 1994, the Bank invited NGOs critical of the project to a Washington, DC consultation. NGOs attending included Alliance for Energy, Intermediate Technology, and the Arun Concerned Group, all of which were actively campaigning against the project. Some of these NGOs had “extensive meetings” with members of the World Bank’s board of directors and US government officials following the consultation, and later used such informal connections to influence the board’s consideration of the project (Udall 1998, pp. 411-2; see also pp. 417-8).

### *Stakeholder Representation*

International campaigners fighting the dam quickly relabeled the national groups opposing the dam as ‘local NGOs’ (Mallaby 2004; cf. Udall 1998). However, the project enjoyed substantial support among those citizens to be most directly affected by its implementation.<sup>14</sup> Residents of the Arun Valley lived primarily in mountainous

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<sup>14</sup> World Bank press release, “World Bank and Nepal to Develop Alternatives to Arun Project”, 3 August 1995. Release notes that the Bank has cancelled the project in spite of “support for the Arun III,

villages in which all goods were moved by porters. They viewed the construction of the dam's access road as a significant economic boon and local leaders lobbied heavily to have the road pass through their villages. Significant grievances with the project developed only when the Bank pushed to lay the access road along a cheaper, shorter path that would affect fewer villages. Aside from the debate over the course of the road, valley residents had few concerns about the project (Bissell 1998, pp. 29-33).

The project's stakeholders also included the rest of the national population, who would be obliged to buy the power generated by the dam and, through their taxes, repay the debt the government would undertake in building it. Yet Nepal was a democratic country and the building of the dam was a subject of vigorous public debate; one contemporary commentator described the Arun III as "being discussed threadbare" for "nine long years".<sup>15</sup> Only 12 per cent of Nepal's population had access to electricity, and press accounts indicated that there was widespread support for the project.<sup>16</sup> US NGOs claimed that the World Bank had pressured the Nepalese government to support the project despite government misgivings.<sup>17</sup> Such claims, however, were contradicted by reports that "all Nepal's political parties", including the opposition, supported the dam.<sup>18</sup> Any claim that the ruling government had acted against the wishes of the people was challenged by a national election in November of 1994, in the midst of the dam controversy. Members of an opposition party, the Communist Party of Nepal, displaced the Congress Party as the dominant political faction. The new government also chose to support the dam project their predecessors

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both among all of Nepal's political parties and from most of the residents in the valley." Bissell (1998) confirms general support in the valley.

<sup>15</sup> Akhilesh Upadhyay, "Nepal-Development: New Rulers Seek Revival of Arun III", Inter Press Service, 9 October 1995. See also Dr. Ram S. Mahat, "The Loss of Arun III", Nepal Study Center, University of New Mexico, [http://nepalstudycenter.unm.edu/MissPdfFiles/The%20Loss%20of%20Arun%20III Revised.pdf](http://nepalstudycenter.unm.edu/MissPdfFiles/The%20Loss%20of%20Arun%20III%20Revised.pdf), accessed 13 July 2009.

<sup>16</sup> Pratap Chatterjee, "No reconsideration of Arun III: Wolfensohn", Inter Press Service, reported in *The Nepal Digest*, 23 October 1995; "Premier Unhappy with World Bank Cancellation of Hydropower Project", text of report by Radio Nepal, 9 August 1995, reported by *The Nepal Digest*, 13 August 1995; See also World Bank, "Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy Progress Report of the World Bank Group for the Kingdom of Nepal", 18 November 2002. The report indicates that cancellation of the project "generated wide negative publicity for the Bank" in Nepal and that "even in 2002 there is frequent mention of the Bank and this particular project in the Nepali press".

<sup>17</sup> See press release by Lori Udall, Washington Director, International Rivers Network, "Arun III Hydroelectric Project In Nepal: Another World Bank Debacle?", 1 March 1995.

<sup>18</sup> "Meeting on Hydro Project Held in Nepal", *The Nepal Digest*, 10 August 1995. See also World Bank press release, "World Bank and Nepal to Develop Alternatives to Arun Project", 3 August 1995.

had initiated and even pushed for the project to be reopened after its cancellation.<sup>19</sup> In short, there was no evidence that the project was opposed by a majority of the Nepalese people or by a majority of people living in the Arun Valley. To the contrary, the project seemed to have significant support except among a minority of political elites based in the nation's capital.

### *Outcomes*

As the Inspection Panel moved to review the Arun III claim, the Bank's management submitted new plans to bring the project into full compliance with the Bank's social and environmental safeguards. The final Inspection Panel report concluded that, with these modifications, the Arun III project was in compliance with the Bank's own policies. Although the panel expressed some reservations regarding the Nepalese government's capacity to implement the project as planned, it affirmed that the project was "moving towards and intends to comply in substance with the requirements of [the Bank's] operational directives".<sup>20</sup>

Nonetheless, Jim Wolfensohn, who became Bank President in 1995, was extremely sensitive to the international NGO campaign. NGO representatives, including some Nepalese anti-dam campaigners who had traveled to the US, had met with US legislators sitting on the Congressional subcommittees overseeing Bank funding (Udall 1998 p. 441). While there is no record of an explicit congressional threat linking Arun III with further cuts to Bank funding, the Bank was already waiting for the release of IDA contributions withheld by the US. In October 1995, Wolfensohn was publicly begging Congress to continue IDA funding. The new Republican-led Congress had cut the second year IDA-10 disbursement by 50 per cent, and was refusing to enter into negotiations for the IDA-11 replenishment. Oxfam International, the Forum of African Voluntary Development Organizations, and InterAction joined Wolfensohn in his appeal, but organizations like the Rainforest Action Network remained strongly opposed.<sup>21</sup>

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<sup>19</sup> Pratap Chatterjee, "No reconsideration of Arun III: Wolfensohn", Inter Press Service, reported in *The Nepal Digest*, 23 October 1995. See also "Premier Unhappy with World Bank Cancellation of Hydropower Project", text of report by Radio Nepal, 9 August 1995, reported by *The Nepal Digest*, 13 August 1995.

<sup>20</sup> World Bank, *Accountability at the World Bank: The Inspection Panel Ten Years On*, pp. 56-7. See also World Bank press release, "World Bank and Nepal to Develop Alternatives to Arun Project", 3 August 1995.

<sup>21</sup> Lobe, Jim "Finance: IDA on the Edge" Washington, Inter Press Service, 9 October 1995.

Wolfensohn was also just beginning his tenure at the World Bank. He was determined to put his own stamp on the institution and move beyond its recent negative publicity (Mallaby 2004; Rich 2003). The Bank's public image had been badly scarred by the fallout over the Sardar Sarovar project and Wolfensohn "was not interested in inheriting the problematic projects of earlier presidents".<sup>22</sup> Thus, when the Inspection Panel gave tentative approval to the Arun III project, Wolfensohn commissioned his own review. On the basis of the results of this additional investigation, Wolfensohn made a unilateral decision to cancel the project in 1996. Ironically, Wolfensohn's review "confirmed that the environmental and social mitigation actions that were currently stipulated in the proposed project were satisfactory".<sup>23</sup> Instead, Wolfensohn indicated that he was concerned that the Nepalese government would be unable to meet implementation standards established by the Bank after the project's original approval; that building the dam and continuing to provide social services would require tax increases in Nepal which the government might struggle to implement, and that "some cofinancing partners did not feel that they were in a position to commit the necessary funds within the next 12-18 months".<sup>24</sup>

The cancellation caused significant outrage in Nepal.<sup>25</sup> Even one of the members of the Arun Concerned Group later admitted that, "after the cancellation, there was widespread panic that Nepal would perhaps end up in darkness since the one project that had been in preparation for eight years was suddenly no more".<sup>26</sup> International civil society actors, however, hailed the outcome as a major success. They saw the cancellation as legitimating the authority of the Inspection Panel.<sup>27</sup> The

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<sup>22</sup> Report by Environmental Defense Fund, Friends of the Earth, and International Rivers Network, "Gambling with People's Lives: What the World Bank's New 'High-Risk/High-Reward' Strategy Means for the Poor and the Environment", September 2003.

<sup>23</sup> World Bank press release, "World Bank and Nepal to Develop Alternatives to Arun Project", 3 August 1995.

<sup>24</sup> Ibid.

<sup>25</sup> World Bank, "Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy Progress Report of the World Bank Group for the Kingdom of Nepal", 18 November 2002.

<sup>26</sup> Statement by Bikash Pandey (Alliance for Energy, Nepal) to the World Bank Board of Executive Directors, "Experience with the Arun (Nepal) Claim", 3 February 1998.

<sup>27</sup> Bank Information Center, "BIC Toolkit for Activists: Issue 3. The World Bank's Policy Framework: The 'Safeguard' Policies, Compliance and the Independent Inspection Panel". Available at <http://www.bicusa.org/en/Article.295.aspx>, accessed 14 July 2009. See also the Center for International Environmental Law, "Brief Summaries of Inspection Panel Claims", <http://www.ciel.org/Ifi/ifibs.html#Arun>, accessed 14 July 2009.

success of the claim encouraged other groups to submit claims to the Inspection Panel (Bissell 1998 p. 40).<sup>28</sup>

### *Relevance for the Thesis*

The Arun III case study supports several of the key theories proposed in this thesis, particularly with regards to the mechanisms of civil society influence and the impact of global advocacy on citizen representation at the World Bank. While civil society participation was much narrower than during the 10<sup>th</sup> IDA, the same basic patterns of behavior and impact hold true.

Civil society position-taking: It seems clear that many of the organizations involved in protesting the Arun III dam were pursuing pre-existing, ideologically-informed goals. International environmental organizations perceived the campaign against the Arun III to be a continuation of a larger, global anti-dam campaign. It was also part of a continued attack on the World Bank and its support for infrastructure development. Lastly, it was seen as a crucial opportunity to vindicate the Inspection Panel mechanism by proving that the Inspection Panel could genuinely overturn Bank policy. Anti-dam campaigners emphasized their partnership with local NGOs. However, even the international campaigners largely focused on the potential negative economic impacts of the dam on Nepal, rather than highlighting the project's impact on a marginalized population as they had for campaigns against other projects, like Polonoroeste, Indonesian Transmigration, or Sardar Sarovar.

Even local NGOs acknowledged that the project had widespread support and that their economic concerns were not shared by the majority of Nepal's population. They added their economic complaints to the four appeal requests they received from project-affected villagers, and when the panel refused to evaluate the economic complaints, the Nepalese NGOs sought to withdraw the entire claim.

In short, neither local nor international civil society organizations were responding directly to widely held stakeholder concerns. Both local and international civil society organizations were pursuing pre-existing agendas, so much so, in the case of local NGOs, that they attempted to drop the complaints of project-affected people

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<sup>28</sup> Cf. David Hunter, "The Planaflo Claim", <http://www.ciel.org/Ifi/planaf.html>, accessed 14 July 2009; Bank Information Center, "BIC Toolkit for Activists: Issue 3. The World Bank's Policy Framework: The 'Safeguard' Policies, Compliance and the Independent Inspection Panel". Available at <http://www.bicusa.org/en/Article.295.aspx>, accessed 14 July 2009.

when those no longer served the NGOs' purposes. At best, local and international civil society acted in a paternalistic fashion, advancing a 'we know best' agenda in spite of local opposition. At worst, they treated local peoples as a mere vehicle for pursuing pre-existing interests.

Choosing to participate: As in the IDA-10, material interests seem to have played some role in organizations' decisions to participate in the Arun III campaign. Several of the major US-based NGOs working on the campaign, including International Rivers, Environmental Defense Fund, and Friends of the Earth, were receiving funds from the Charles Stewart Mott Foundation. International Rivers, in particular, was receiving foundation funding designed to facilitate coordination. Many of the organizations involved were apparently also following up on their investment in the 10<sup>th</sup> IDA protests by making sure that the World Bank Inspection Panel became an effective tool for advocacy in its debut appeal. Organizations like International Rivers or the Environmental Defense Fund were also advancing an anti-dam agenda for which they already had donor or member support. Local Nepalese NGOs opposing the project had their own political agenda, as demonstrated by the fact that they sought to withdraw their claim when the political components of it were denied inclusion in the appeal.

The material interests of Nepalese NGOs seem to be less clear. As noted, however, they represented a Kathmandu-based population, which may explain why they chose to precipitate a campaign that was largely opposed by the rest of the country. Also, their attempt to withdraw the Inspection Panel claim when it no longer suited their agenda indicates, as described in Chapter 4, that organizations prefer to engage only in those activities likely to yield a good return (in terms of publicity, member or donor support, or policy success) on their investment of time and resources.

In summary, the data do not prove conclusively that material interests determined participation for all organizations. However, the idea that organizations participate in advocacy when their participation is funded or when they anticipate a high return on investment matches with the patterns of participation observed.

Mechanisms of influence: Civil society activism surrounding the Arun III did enhance some means of citizen access at the World Bank, but the most powerful channels remained the exclusive domain of international NGOs based in donor countries. NGO activity helped increase the Bank's transparency, and there is little question that civil society activity helped define and expand the mechanisms of

accountability and dialogue. Developing the role of the Inspection Panel was extremely important. International civil society pressure, which built on the recent success of the anti-Sardar Sarovar effort, ensured that the appeal was heard. By creating a precedent for citizen influence and accountability via the Inspection Panel, civil society enriched the possibilities of citizen control over the institution. That citizen control, however, was still not equally distributed.

International civil society organizations played a disproportionate role in the campaign. As noted, they became involved in order to advance pre-existing agendas. They depicted a small group of Nepalese elites pursuing a political agenda as a local movement fighting for the well-being of project-affected people and the national populace. Civil society pressure also appeared to play a key role in Wolfensohn's decision to cancel the project. As noted, Wolfensohn sought to break free from the broader pattern of civil society attacks on the Bank and to begin restoring its public image. He did this in part by initiating dialogues with NGOs and seeking to heed their criticism on controversial projects and policies (Rich 2002; cf. Mallaby 2004). He was also fighting for the full release of the remaining US funds promised for the IDA-10, while US environmental organizations sought to obstruct their release. His reasons for canceling the project, including concerns regarding implementation and Nepal's tax regime, closely paralleled the economic concerns put forward by the campaigners. In this way, well-connected international civil society actors and a small Nepalese minority were able to force changes in Bank policy, despite pro-dam popular sentiment in Nepal and the will of the Nepalese government.

Local representation: A number of the NGOs involved in the Arun III campaign have justified their actions by claiming that they were acting in the best interests of the Nepalese people. Such assertions are common in civil society activism and it is important to note that they are irrelevant to the question of democracy. The unique feature of democracy is that the people themselves, however misguided or benighted, are entitled to determine their own collective best interest, albeit indirectly, via their chosen representatives. Once an unelected minority is empowered to determine the collective good, governance has ceased to function democratically.

As noted, there is no evidence that the civil society organizations of the anti-dam campaign represented a majority of local stakeholders, that is, Nepalese citizens. Instead, media accounts, local politics, and the Bank's own assessments suggest that the project had significant local support. Moreover, there is little indication that civil

society organizations acted to protect the recognized rights of a disadvantaged minority. To the contrary, the Arun Concerned Group sought to drop the appeal to the Inspection Panel once it was clear that the panel would consider only alleged violations of the rights of project-affected people.

International organizations, while making occasional mention of complaints among citizens along the dam access road, also largely emphasized economic issues. These international organizations partnered with the local NGOs of the Arun Concerned Group, but they apparently did so because the group's agenda complemented the pre-existing goals of the international actors.

In spite of a lack of grassroots support, the anti-dam campaign used international influence and the Inspection Panel mechanism to challenge the policies of two different democratically elected governments. While permitting the Inspection Panel investigation might have been justified as a necessary adherence to Bank policies, but the Panel investigation did not conclude that the project needed to be canceled. Wolfensohn's decision to cancel the project despite the findings of the Inspection Panel disregarded local democratic processes in favor of capitulation to NGO pressure. INHURED and other Nepalese actors clearly had a democratic right to contest the decisions of their government. However, the involvement of international allies and the use of the Inspection Panel moved the locus of decision making from the local to the international realm, where most Nepalese citizens lacked power or voice. Powerful international activism undermined the ability of the Nepalese government to carry out development in the manner it saw fit.

The bottom line is that civil society's collective role in the Arun III project produced mixed results. At the international level, it helped create the liberal environment necessary for democracy to flourish by fostering transparency, accountability, and dialogue, as well as stakeholder control over the World Bank. However civil society failed to foster equal authority among stakeholders or to improve stakeholder representation. To the contrary, civil society represented only a small Nepalese minority and along with many environmentally interested citizens from donor countries. Locally, results were similar. Local civil society organizations, with some outside assistance, fostered public dialogue within Nepal. However, international civil society ultimately reinforced the power of a small group of local elites and used international mechanisms to overturn the will of a democratic government.

### **Country Systems for Procurement: 2007-2008**

In 2008 the World Bank's board of directors approved a plan, generated by Bank staff, to allow borrowers to use their own national systems to conduct procurement and manage finances for Bank-funded projects. In principle, the new policy will incentivize institutional reform, increase local ownership of projects, and facilitate donor harmonization. However, the policy raised substantial concerns from civil society about ways in which the use of national processes might facilitate corruption and undercut aid effectiveness. The lobbying against the policy during 2007-2008, while ultimately unsuccessful, demonstrates a number of the dynamics seen in the IDA-10, especially the reliance of activists on donor government influence. The case study is less robust than the 10<sup>th</sup> IDA, because it involves less than 10 CSOs, in comparison to the IDA's 41. However, it does have some interesting attributes. At one level, it is interesting to study a case in which civil society failed in its objectives, since much of the literature on civil society and the World Bank has focused on successful campaigns. At another level, the case is interesting because it involves the Global Civil Society Team. Lastly, the case highlights the power of commercial actors who, although not traditionally considered part of civil society, worked alongside civil society on the country systems protest and manifested many of the same trends and tendencies.

### *Business and the World Bank*

The involvement of business requires some explanation. The information liberalization measures forced on the Bank by civil society in 1993 had the unintended effect of making the Bank significantly more business-friendly. In 1990, the Bank's phone directory was considered a confidential document. Within the decade, however, interested parties could use the Bank's own website to identify the task team leader or project manager responsible for any given project. The Bank's switchboard answered calls to the Bank's main line and freely gave out the extensions of the requested staff before connecting the call. Project information appeared online, including preliminary Project Information Documents (PIDs) and more detailed Project Appraisal Documents (PADs). Such documents allowed companies to spot opportunities to sell goods and services to the World Bank. As a result, Bank-funded projects became a

potential beachhead for an increasing number of corporations looking to expand operations into the developing world.

During the same period, internal Bank assessments of its procurement and financial management procedures identified significant shortcomings (Pallas and Wood 2009 p. 216). The resulting policy changes increased the transparency and accountability mechanisms functioning in the purchase of goods and services for Bank projects, and raised Bank procurement procedures to the level of a ‘gold standard’. They were widely acknowledged to be the best in the world, even when compared with national governments. The result was that industry access to commercial opportunities through the Bank substantially widened, resulting in significantly increased business interest in Bank policy. As businesses began to recognize ways in which the Bank’s country systems proposal might limit the transparency and accountability that facilitated competition among potential suppliers, businesses began lobbying the Bank and allied themselves with some of the civil society organizations pursuing the same agenda.<sup>29</sup>

#### *Background of the Country Systems Policy*

Country systems had its genesis in 2002 at the UN International Conference on Financing for Development. The conference resulted in the Monterrey Consensus, which committed donors to increase the quantity of aid, streamline funding processes, and address borrower governance problems.<sup>30</sup> The OECD Development Assistance Committee (OECD-DAC) responded by setting up a working group on these issues. The Bank joined with the working group to develop a set of standards for evaluating borrower procurement procedures, since procurement (the purchasing of goods and services) was one of major governance issues affecting aid disbursement. In 2004 the Joint Venture for Procurement developed a benchmarking tool to assess borrower procurement procedures. After several revisions, this tool was became known as the ‘OECD-DAC 3’.

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<sup>29</sup> Business interests were represented primarily by associations, such as the Federation of German Industries (BDI) and the US Council for International Business. Development Finance International (DFI), a DC-based consultancy serving corporations seeking to engage with the Bank, also played a prominent role. Some individual corporations participated directly; for instance, General Electric sent a representative to 10 December 2007 consultation in Washington, DC. Sources indicate alliances between civil society and business occurred through industry proxies, rather than with the representatives of individual corporations. For more details, see page 222.

<sup>30</sup> UNESA, “Monterrey Consensus of the International Conference on Financing for Development”, 2004.

The working group also convened a meeting of multilateral development banks, governments, and nonprofit donors, predominantly from the global North. Held in 2005, the meeting produced the Paris Declaration on Aid Effectiveness, which called for increased aid harmonization, local ownership of development decisions, and the wider use of country systems. Donor harmonization refers to cooperation among donors, especially the use of common standards among donors for grant applications, reporting, and other aspects of aid bureaucracy. Aid recipients frequently face unique standards from each donor, resulting in a huge drain on staff time and finances, which can undercut their ability to manage projects well. By linking harmonization, ownership, and country systems, the Paris Declaration proposed a magic bullet of sorts: countries would use their own systems for procurement in all aid projects, resulting in greater local control and a common standard for use in all aid-financed spending.

The use of country systems for procurement was developed as a proposal for a change in Bank policy and submitted to the Bank's board. The proposal, however, met with strenuous opposition from civil society and industry. Opponents in the US and Europe questioned whether replacing the Bank's existing guidelines was even necessary.<sup>31</sup> They also expressed concern that the OECD-DAC 3 tool was too weak to identify crucial flaws in borrowing country procedures and that the use of country systems would facilitate corruption and mismanagement. Bank management reluctantly withdrew the proposal from board consideration. It revised the benchmarking tool and resubmitted the proposal in 2007.

### *Renewed Protest*

The Bank's stated rationale for reintroducing the proposal was its belief that the use of local procurement procedures would develop local ownership and simplify lending. At the same time, it argued that the need to assess existing national systems would give the Bank grounds for evaluating a borrower's governance practices and making recommendations for their improvement. Thus harmonization and good governance would develop simultaneously.<sup>32</sup>

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<sup>31</sup> See, for example, UK NGO Meeting with Executive Director Tom Scholar, 14 December 2004. Accessed at <http://www.brettonwoodsproject.org/art-90445>, 19 February 2009.

<sup>32</sup> Operations Policy and Country Services, "Use of Country Systems in Bank-Supported Operations -- Status Report (Incorporating R2007-0079 and R2007-0079/3)", 9 October 2007, pp. 1-3.

Nonetheless, critics of the proposal, including large manufacturers, anti-corruption watchdogs, and labor advocates, suspected that the Bank's management was motivated by a desire to maintain market share. At one time, the Bank had been one of the only sources of development financing available for poor nations. By 2000, however, a large number of private financial institutions had become involved in sovereign lending. New bilateral donors, like India and China, were also becoming more active. Newer lenders required fewer conditions than did the Bank, giving them an advantage in making deals with developing country governments. The Bank was also facing significant pressure from some of its more powerful borrowers, countries like Brazil and Russia, to allow them to use their own procurement and financial management systems. The concern that the Bank was acting to maintain market share seemed well grounded: at one of the later country systems meetings, a senior Bank staff member opined that the new proposal was necessary for the Bank to "stay relevant".

As a result of competition with other lenders, opponents feared, the Bank was engaging in a race to the bottom. Rather than focusing on improving borrower governance, the Bank was developing ways of sidestepping its own guidelines. Such fears were reinforced by two additional facts. The new benchmarking tool introduced in 2007 seemed weaker than the rejected OECD-DAC 3, a problem the Bank even admitted in one early meeting (although it later retracted the statement). The Bank also planned to keep the results of the borrowers' systems evaluations confidential and to make confidential any agreed upon plan of remediation. Thus there would be no means of observing how the Bank applied the new standards, nor any means of verifying that the Bank was actually enforcing any borrower promises to upgrade their procedures. This latter point was particularly important, since the Bank proposed giving even some of those borrowers who failed to pass the benchmarking test conditional approval to use their own systems (Pallas and Wood 2009 pp. 221-2).

Opponents of the proposal made their displeasure known through the Bank's donor governments. In response to potential opposition from the board, especially the US Executive Director, the Bank's management announced that it would open the proposal for public consultation before submitting it to the board for final approval (Pallas and Wood 2009 p. 224).

### *The Consultation Process*

The Bank department responsible for the country systems proposal was Operations Policy and Country Services (OPCS). In response to the board's demands, OPCS staff set up dozens of meetings with governments, industry, and civil society in Africa, Europe, Southeast Asia, Latin America, and the United States between September and December 2007. Many of these meetings were billed as public consultations.

The consultations helped establish a dialogue between the Bank and the industry and civil society members interested in the proposal. Usually either Bernard Becq, the Bank's Chief Procurement Policy Officer, or Peter Harrold of OPCS attended each consultation. Civil society efforts were led by Transparency International and the International Labor Organization (ILO). The Bretton Woods Project, a watchdog group based in London, also played a role, as did Christian Aid.<sup>33</sup> Industry-based civil society groups like the American Society of Civil Engineers also acted as advocates for their members. Commercial bodies such as the Federation of German Industries (BDI) and US-based National Association of Manufacturers (NAM) helped coordinate meetings between their members and the Bank. Many individual commercial concerns, including firms like General Electric and Philips, also advocated for their own interests, although some of these withdrew from the process as it lost momentum.<sup>34</sup>

The Bank expressed a strong interest in the public feedback it received. In a consultation in New York in December 2007, Bank staff stated that they welcomed the criticism they were receiving about the substance of the proposal. They added that specific, detailed feedback was particularly important, implying that public comments would be taken into account in the final draft of the policy.<sup>35</sup>

In spite of such statements, the consultations appeared to have little immediate impact. Although the Bank claimed to welcome public input, the staff posture at public consultations was defensive.<sup>36</sup> The Bank's responses to its critics changed regularly. Initially the Bank defended the latest version of the OECD-DAC

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<sup>33</sup> Bretton Woods Project, "World Bank and procurement: Development tool or TNC sop?", 1 April 2008. Accessed at <http://www.brettonwoodsproject.org/art-561019>, 10 March 2009.

<sup>34</sup> For more detailed notes on business participation, see meeting reports available at <http://go.worldbank.org/B9QAG7P2X0>. Viewed 19 July 2010.

<sup>35</sup> Author's coverage of the public consultation, New York, NY, 14 December 2007.

<sup>36</sup> Author's coverage of the public consultations in Washington, DC, 10 December and 13 December 2007, and the public consultation in New York, NY, 14 December 2007, plus conversations with others present at additional consultations.

benchmarking tool. When industry developed a detailed critique of the tool,<sup>37</sup> highlighting the numerous ways in which it was weaker than current Bank policy, Bank staff switched tacks. They began to emphasize that the evaluation of borrowers' governance systems would be a three-stage process, of which the OECD-DAC benchmarking would only be the first phase. It would be followed by something the Bank called 'paragraph-by-paragraph' comparison, a qualitative process designed to assess borrower systems in detail. This would be followed by a computer-based modeling of the risk of system failure. However, these parts of the policy had not actually been written yet. They existed only as summary proposals. As such, they were easy to defend. The Bank responded to criticisms of the OECD-DAC benchmarking phase by saying that problems with this Phase 1 review would be dealt with in the Phase 2 and Phase 3 evaluations. The Bank responded to incipient criticism of Phase 2 and Phase 3 by arguing that opponents did not understand what the final product would look like.

Bank staff also mishandled the consultations themselves. Although most consultations were public, the Bank failed to release records of most of its meetings. Even though OPCS made audio recordings of many of the meetings, it refused to release recordings or transcripts of even the public consultations. Instead, it insisted on writing summary reports of each gathering. On several occasions these summaries were contested by the meetings' participants. The BDI, for instance, complained that the Bank had downplayed the concerns of German businesses in one BDI-facilitated discussion. The report on a meeting with civil society in Washington, DC entirely omitted concerns raised by the ILO about labor standards. Many meetings never received a public report at all. Likewise, electronic comments sent to a website set up for the purpose were not published or publicly responded to (Pallas and Wood 2009 pp. 226-7).

The Bank's Global Civil Society Team was conscious of the problems in the consultation. Team members helped coordinate the DC meeting with civil society and attended the consultation. They were aware of the issues with the website feedback and more general problems with the consultation. In general, they felt that the OPCS team had not adhered to the Bank's best practice on civil society consultations. According to a source familiar with these issues, the Global Civil Society Team's role

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<sup>37</sup> DFI played a particularly prominent role in this process. See DFI PowerPoint attached to Bank report of 10 December 2010 consultation at <http://go.worldbank.org/B9QAG7P2X0>. Viewed 19 July 2010.

was to assist Bank operational units in how to design and carry out consultations with CSOs on the proposed country systems on procurement policies. They also worked to guide Bank staff on their interaction with civil society. However, while they could identify and suggest best practices, they did not have the mandate to enforce them, as the Bank's participation policies were not mandatory.

The country systems staff had designated a four-month period for public consultation, and they used this to their advantage. By holding dozens of consultations all over the world, they established a strong record of dialogue with key stakeholders. Yet because the minutes of the meetings were withheld or redacted, and the final text of the proposal was not yet written, the consultations created little record of public objections. When challenged about the missing meeting reports and the incomplete proposal, Bank staff replied that their commitment to extensive public commentary had used up the staff time that otherwise could have been used on reporting or policy writing.

This tactic overwhelmed most opposition from organizations like the ILO<sup>38</sup> and Christian Aid. These organizations had never coordinated a joint policy position; instead, each pursued its usual agenda. The ILO pushed for labor standards to be included in the new system. Transparency International worked for greater transparency. Christian Aid emphasized local control over key decisions. Lobbying tactics were the subject of even less intra-civil society consultation.

Industry however, pushed back hard against the Bank. Individual corporations and industry-based civil society organizations worked to canvas the consultations and establish an independent record of the public meetings.<sup>39</sup> Transparency International also allied itself with this effort.

This group of opponents also developed detailed criticisms of the proposal, which they shared with key staff in the US government.<sup>40</sup> This apparently unnerved the OPCS staff, who requested meetings with the chief critics in January, after the

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<sup>38</sup> The ILO is a tripartite organization representing the interests of labor, business, and government. Representatives, however, attended the Washington consultation with civil society, where they focused particularly on the potential impact of UCS on labor standards.

<sup>39</sup> Key participants shared with the author internal correspondence demonstrating this effort. See also World Bank: Country Systems Consultations: Summary of Feedback. Available at <http://go.worldbank.org/B9QAG7P2X0>. Viewed 19 July 2010.

<sup>40</sup> One such criticism, authored by DFI, can be seen online at: <http://siteresources.worldbank.org/INTPROCUREMENT/Resources/ConsultationTranscript-Presentation-HQ.pps>. Viewed 19 July 2010. Evidence of discussions with government staff comes from author's correspondence with key participants.

consultation period had ended. The proposal that resulted called for a very limited implementation of the new system on a pilot basis and the creation of a Technical Working Group involving civil society, industry, and government representatives which would monitor and evaluate the implementation.

Opponents were still dissatisfied, however, and made their case directly to the US Treasury. Treasury staff had been monitoring the proposal and attending some of the consultations,<sup>41</sup> but the Treasury had yet to take a public stand. Treasury Deputy Undersecretary Clay Lowery agreed to a meeting with the policy's opponents to allow them to make their case. The morning of the meeting, however, coincided with the bankruptcy announcement of the Lehman Brothers investment bank. According to one of the participants in the meeting, the deputy undersecretary paid scant attention to the industry and civil society presentation while he sent and received messages on his Blackberry. Several days later, he told Bank staff that he thought that American industry was basically in agreement with the proposal and that the US would support it.

Once Bank staff realized that the proposal's opponents lacked US support, they rapidly revised the country systems proposal. Two days before the Bank's board voted on the proposal, they attached a confidential addendum to the policy undercutting previous concessions, reducing the authority and scope of the Technical Working Group. The oversight role of civil society in particular was weakened. The board approved the policy in April 2008, and by 2009 Bank staff were planning to implement the 'pilot' as widely as possible.

### *Relevance to the Thesis*

In spite of the weak impact of civil society on the World Bank's final country systems policy, civil society and its industry allies still had a profound effect upon the process. Like the Arun III dam, this case study confirms several of the thesis' core hypotheses.

Civil society behavior: As in the IDA-10, the civil society organizations that met with Bank staff each pressed their own agenda. This led to largely atomized behavior. The ILO focused almost exclusively on labor standards. Transparency International focused on prior review and other means of limiting corruption. Christian Aid seemed ambivalent about the proposal and openly supported some

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<sup>41</sup> Including the 10 December 2007 meeting in Washington, DC at which DFI presented its detailed critique of the proposal.

elements of local control. Professional organizations like the ASCE focused on rules governing consulting contracts of the sort often sought by their members. It is also interesting to note that environmental organizations were involved in protesting the use of country systems for social and environmental safeguards in 2004.<sup>42</sup> However, they refrained from involvement in the debate over the use of country systems for procurement. This pattern is in keeping with the IDA-10 finding that organizations' interests and policy positions reflect their core mission or ideology.

The civil society organizations involved in the issue also lacked coordination, despite their small numbers. During the meetings I attended, the civil society organizations present appeared to have no prior knowledge of one another's interests or goals in the consultation, nor did the representatives attending appear to use the consultations to establish relations with one another. At a tactical level, only Transparency International and some of the professional organizations allied themselves with business groups and participated in some of the additional meetings arranged between opponents of the policy and Bank and government officials.

The contrast between industry and civil society is informative. Industry lobbying of the Bank was initially highly coordinated, because industry shared a set of financial incentives. As certain actors began to sense that the Bank was unwilling to yield on the policy (and thus that the efforts spent on lobbying would yield a poor return on investment), they backed out of the process individually. In this regard, industry participation in activism, with its clear material links, was similar to the participation of civil society during the IDA-10.

Mechanisms of influence: As in the 10<sup>th</sup> IDA and Arun III cases, the country system activists reinforced a number of channels for citizen influence at the World Bank. The most profound of these was dialogue. Because of civil society pressure, dozens of dialogues were held in Bank donor and borrower nations, and included government, industry, and civil society.

Opponents of the policy change also helped enhance the Bank's transparency. They canvassed meetings, exchanged information, and sought to establish a clear record of the Bank staff's actions and statements about the new policy. Their effort to

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<sup>42</sup> See Bretton Woods Project, "UK NGO meeting with Executive Director Tom Scholar", 14 December 2004. Accessed at <http://www.brettonwoodsproject.org/art-90445>, 14 July 2009. See also Bank Information Center, "Country Systems Approach to World Bank Social and Environmental Safeguards: Concerns and Challenges", 2 December 2004. Accessed at <http://www.bicusa.org/en/Article.1775.aspx>, 14 July 2009.

correct inaccuracies in the Bank's public record of various meetings both aided transparency and made the Bank accountable for distortions in the record.

That being said, the activists continued to rely on donor power. It was pressure from the US executive director, prompted by industry and civil society, that was the primary impetus for the massive dialogue effort. Likewise, when the Bank realized that activists had lost US government support for changes in the new policy, the OPCS staff felt free to renege on many of the promises that they had made to civil society and industry. In this regard, the country systems debate presents an interesting null-case confirmation of this thesis' hypotheses. Not only can it be shown that civil society lobbying succeeds primarily via the influence of the Bank's donor states; when civil society activism lacks donor state influence, it fails.

The role of the Global Civil Society Team also highlights the importance of donor power. The GCS Team is tasked specifically with developing dialogue between Bank staff and outside parties. To a certain extent, the team also develops transparency, by recommending best practices for dialogues or exposing the Bank's internal workings to outsiders looking for access. However, the mere development of norms was not enough to give the team authority. During the donor-mandated country systems negotiations, the GCS Team succeeded in facilitating or enhancing dialogue. However, the dialogues had relatively little effect on the final policy or on the long-term behavior of the OPCS team. Even in the area of transparency, the GCS Team's knowledge of best practices and its job as designated intermediary between civil society and the Bank gave it little traction. Instead, OPCS staff consistently misstated or withheld comments generated in the dialogues. Once the threat of board scrutiny was lifted, OPCS staff also restructured the Technical Work Group to limit its oversight.

In short, the country systems case confirms that much of civil society's impact on the World Bank passes through donor governments. Although civil society utilized and reinforced practices of dialogue and transparency, these things themselves, even when aided by advocates within the Bank, were insufficient to effect policy change. When Bank staff feared donor opprobrium, they incorporated civil society suggestions. When staff felt the danger had passed, they ignored outside input almost entirely. Civil society's strength was directly related to its ability to persuade donor government agents to support its positions.

Borrower governments and local representation: Unfortunately, the country systems case tells us relatively little about civil society and borrower governments or other modes of local representation. Ultimately the Bank provided very little information on its consultations in developing countries. Moreover, the inaccuracies in the records it provided from Europe and North America undermine any confidence one might have in the accuracy of any data the Bank might provide. At the same time, the civil society organizations involved in the policy negotiations made few explicit claims to represent developing country citizens. This may reflect the fact that two of the major organizations involved, Transparency International and the ILO, are organizations whose authority is established by either their technocratic expertise or UN mandate. Thus the authority of their claims rests on something other than claims to developing world representation. It is also possible that claims of developing world representation would have been weak. Sources indicate that pressure from emerging-market borrowers was one of the major drivers of the Bank's policy change, a fact Christian Aid and the Bretton Woods Project acknowledged.

Agency of the Bank: Although this thesis takes a critical approach to assertions of transnational civil society's representivity, the behavior of Bank staff during the country systems proceedings show that the Bank is also in need of reform. Bank actions supported some perennial accusations made against the institution: namely, that Bank staff are focused on their own agendas, uninterested in outside input, and deal with the public in dubious or duplicitous ways.

The role of this thesis is not to judge the appropriateness of Bank behavior. However, the Bank's ability to undermine activists' efforts reflects the substantial agency of Bank staff (cf. Barnett and Finnemore 1999). The fact that the Bank suffered such a stunning loss in its battle with civil society during the 10<sup>th</sup> IDA can easily eclipse the fact that the Bank was able to do battle. It used its connections with IDA deputies and member governments to seek to preserve its existing policies and independence, even though it was largely unsuccessful in stopping the specific policy changes proposed at that time. In the case of country systems, the situation is clearer. Bank staff worked hard to escape civil society and industry influence in order to implement the policy they thought would best serve the institution and its clients. Once donors, particularly the US, had withdrawn support for civil society, Bank autonomy became even more pronounced. This agency is important to note. Too much research on the World Bank treats the institution as though it were only passive

or reactive. Accurate modeling of global governance must encompass the complex three-way interactions between governments, civil society, and the Bank.

In short, although the country systems case study is small and involved only a limited number of actors, it provides interesting support for several of the key ideas advanced in this thesis. The case study reinforces observations about the atomization of civil society and the tendency of civil society organizations to advance established agendas. The behavior of self-interested corporations in forming and breaking coalitions also provides interesting parallels to the IDA-10. Civil society, as in the IDA-10 and Arun III cases, helped enhance democratic preconditions at the Bank by developing dialogue and transparency. However, failure of civil society in the absence of strong donor support confirms that much of civil society's influence at the Bank passes via the governments of donor states. Finally, the case reinforces the agency of the Bank and indicates that civil society, government, and international institutions all play important roles in global governance.

## **Conclusions**

No interaction between civil society and the World Bank equals the scale and scope of the 10<sup>th</sup> IDA negotiations. The convergence of development, social justice, and environmental concerns around the IDA-10 led to an unusually large and diverse assemblage of civil society organizations. This diversity provides a unique opportunity to analyze interactions between civil society organizations and compare their behavior and their claims. The patterns identified in the 10<sup>th</sup> IDA, however, continue to hold true in other interactions between civil society and the World Bank.

### *GCS Behavior and Motivation*

The IDA-10 research indicates that civil society organizations tend to pursue pre-determined organizational objectives. During the 10<sup>th</sup> IDA, the policy agenda of any given organization was closely linked to its ideology or mission. Decisions to participate in activism were often linked to material interests, including the existence of funding for the activism or a potential return on investment in the form of publicity, membership, aid grants, and the like. The adherence to pre-existing goals undermined organizations' claims to be responding to the needs or desires of stakeholders. At the same time, the role of financial incentives in participation impacted civil society's collective influence. The composition of the larger group of civil society organizations

involved in the activism reflected the various financial incentives associated with the IDA, including interested donors and members, and funding from the Bank or member governments. Moreover, organizations often competed for funding and influence, and only coordinated their efforts when there was a financial incentive to do so. There was little evidence of dialogue or compromise among organizations, except where dialogue was required by a shared donor.

The case study of the Arun III dam reinforces these conclusions. The major international civil society organizations opposing the project did so as part of a larger agenda of opposing dam construction, reducing Bank influence, and establishing the validity of the Inspection Panel. Local Nepalese NGOs opposing the dam were motivated by their own particular vision for Nepal's economic future. Neither international nor local civil society organizations seemed to be responding to the will of the majority of Nepalese citizens, nor were they working primarily to protect the rights of a marginalized minority within Nepal. Several of the international organizations involved received funding specifically for Bank reform work or had members who were committed to anti-dam environmentalism. Local NGOs drew their support mostly from the Kathmandu-dwelling elite. The hypothesis generated from the IDA-10, that material incentives determine participation, seems to also explain the pattern of participation observed in the Arun III campaign.

In the case of the recent country systems negotiations between the World Bank, civil society, and industry, several of these patterns are again repeated. The small number of civil society organizations involved makes it difficult to draw broad conclusions regarding civil society competition or behavior. However, those civil society organizations which were involved each pursued their pre-existing agenda, addressing those elements of the proposal most closely linked to the mission of their organization. There also appeared to have been little dialogue among organizations.

### *Mechanisms of Influence*

During the 10<sup>th</sup> IDA, civil society activists helped to develop or reinforce a number of avenues of citizen influence over the World Bank. Civil society organizations improved transparency by generating and publicizing information. They fostered accountability through protests, formal oversight mechanisms like the Inspection Panel, and via financial pressure from donor governments. Civil society also encouraged the Bank to engage in dialogue with stakeholders regarding projects and

policies. These channels of influence, however, were sometimes dominated by powerful actors. Well-connected civil society organizations acted as gatekeepers, dominating dialogues with Bank staff or donor government politicians.

Donor government influence played a key role in the IDA-10. US pressure was instrumental in forcing two of the biggest changes in Bank policy: increased information disclosure and the creation of an independent Inspection Panel. However, those civil society organizations with strong political connections within the US or the power to influence domestic politics were able to utilize this government influence. This too concentrated civil society power in a small minority of civil society actors.

The cases of the Arun III dam and the country systems policy both confirm these patterns, albeit in distinct ways. In the case of the Arun III dam, civil society made significant strides in advancing transparency and accountability. It pressured the World Bank to implement its new, liberalized information policy and pushed for the World Bank Inspection Panel to investigate the dam project. To a lesser extent, civil society engaged in dialogue, sometimes interacting directly with Bank president Jim Wolfensohn. However, civil society's influence with the US government also played a key role, by allowing civil society to put pressure on the Bank's funding. This pressure was one of the major factors influencing Bank president Wolfensohn in his decision to cancel the project.

During the country systems negotiations, civil society (along with industry) successfully advocated for a massive dialogue between interested parties and the World Bank, with dozens of meetings across the globe. Civil society and industry also worked together to increase transparency, collecting and sharing information on the various meetings and correcting inaccuracies in the World Bank's account. Nonetheless, it was actually pressure from donor governments via their executive directors, particularly the US ED, that was most influential in spurring the dialogue. Moreover, when US government supporters became distracted by other domestic concerns and withdrew their support from the country systems opponents, the Bank reversed previous concessions.

### *Local Representation*

The IDA-10 findings indicate that transnational civil society's involvement in policymaking may limit the influence of developing country governments, even democratic ones, thereby reducing stakeholders' ability to influence international

policymaking via their governments. Civil society claims to represent large groups of borrower country citizens could not be substantiated and partnerships between international civil society organizations and local actors did little to reinforce claims to representivity. These trends were evident in the Sardar Sarovar campaign which intersected with and influenced the IDA-10 negotiations

The country systems case study is unable to either confirm or contradict this pattern. The lack of reliable information on developing country interests makes an assessment difficult, and an investigation of such interests on a global scale was beyond the scope of this thesis. The Arun III case, however, provides dramatic confirmation of the IDA-10 patterns. During the Arun III campaign, international anti-dam activists latched onto local anti-dam NGOs despite the fact that they lacked any significant support nationally and were not primarily interested in protecting the rights of the people in the area where the dam was being built. Their activism resulted in Wolfensohn's unilateral cancellation the project, despite the support shown by two different democratically elected Nepalese governments for the project.

### *Conclusion*

The two additional case studies examined in this chapter provide new data that lend further support for the major findings of this thesis. The case studies of the Arun III dam and country systems policy reinforce the findings on the motivation and participation of transnational civil society organizations, their mechanisms of influence, and their mixed impact on stakeholder representation. The two cases also support the idea that civil society is an authority in the international system, acting as a means of stakeholder influence that exists alongside states and international institutions.

At the same time, the Arun III and country systems case studies reinforce this thesis' findings regarding the democratic legitimacy of transnational civil society in the context of the World Bank. The data continue to indicate that transnational civil society has democratic outputs in the form of improved citizen control over the Bank. However, the data also indicate that transnational civil society lacks democratic inputs. Stakeholders do not have equal authority in determining its policy positions, nor do they enjoy equal control over its means of influence, either directly or via representatives. Moreover, transnational civil society does not appear to improve the representation of many of those stakeholders currently marginalized in international

policymaking; instead, it often appears to reinforce the power of stakeholders in already powerful nations. This assessment and its relevance for the existing literature on transnational civil society and global governance are discussed in the final chapter.

## Chapter 8:

### Civil Society and the Democratization of Global Governance

As anticipated in the introduction, this thesis contributes to the academic understanding of transnational civil society and the democratization of global governance at two levels: by generating new data and by addressing current theories. The thesis makes available new information on transnational civil society and the World Bank. Using extensive archival research and bringing to light information in privately held documents, intensive interviewing, and participant observation, this thesis presents a detailed picture of interactions between civil society, the World Bank, and donor governments, particularly the US. The research on the IDA-10 constitutes the first in-depth academic recounting of one of the major turning points in World Bank policy, thus filling in an important chapter in the history of the World Bank and civil society. The research on the use of country systems for procurement has also attracted early attention as one of the only detailed academic examinations of an important evolution in Bank policy.

This thesis' central question engages directly with the academic literature. It asks: do data about the World Bank support the idea that civil society is democratizing global governance? To facilitate answering this central question, the beginning of this thesis posed six sub-questions. With regard to the three case studies in this thesis, it asked:

1. *Which civil society organizations are involved?*
2. *How do civil society organizations interact with one another?*
3. *How do civil society organizations choose their policy positions?*
4. *What impact has civil society had on the World Bank?*
5. *By what mechanisms has impact been achieved?*

6. *What impact does civil society have on the power of developing country governments in transnational policymaking?*

This chapter will begin by summarizing this thesis' findings with regard to these sub-questions and how these findings support or challenge aspects of the existing theory. The thesis finds that civil society is much more atomized and contentious than commonly modeled. Organizations choose their policy positions on the basis of pre-existing values and determine their participation in policymaking largely on material factors. Activism has created new channels for stakeholder influence at the World Bank, but power accrues to a minority of organizations with strong connections to the Bank's donor governments. The organizations demonstrate only limited partnership with grassroots actors and may act to further marginalize developing country governments, thus limiting the representation of some stakeholders by other, non-civil society means.

The second part of this chapter uses these answers to draw conclusions regarding whether civil society is democratizing the World Bank. It finds that civil society makes a number of positive contributions to stakeholder influence over the World Bank, including increasing the Bank's transparency and accountability. However, it concludes that civil society ultimately fails to democratize the Bank because it fails to improve, and potentially worsens, the inclusion and representation of the majority of the Bank's stakeholders in Bank policymaking. Should these findings hold true elsewhere, they would indicate that civil society is not democratizing global governance.

The chapter will then discuss the implications of the North-South-North patterns of campaign formation at the World Bank for existing theory on global advocacy networks. Next, the chapter will note some limitations in the thesis and suggest an agenda for future academic research that tests and builds on this thesis' conclusions. Finally, the chapter will discuss this thesis' policy findings and lay out a series of policy recommendations for the Bank and civil society organizations, suggesting ways they can enhance the democratization of international policymaking by engaging a more representative cross-section of civil society.

### **Transnational Civil Society and the World Bank**

The introduction of this thesis outlined two schools of academic thought regarding civil society, one that suggested that civil society would remedy the democratic deficits present in global governance institutions like the World Bank and another which challenged the capacity of civil society to democratize global governance or even suggested that civil society might worsen existing imbalances in power between the citizens of poor and rich nations. The data generated in this thesis support and challenge some of the contentions of each school.

To begin, research on the World Bank confirms the contention that civil society is indeed global. In the case of the IDA-10, numerous organizations from both developing and industrialized nations took part. Participants in the IDA-10 included advocacy organizations, development actors, and faith-based organizations. Many participants were professional NGOs, but these came from both the global North (including North America, Europe, Japan, and Australia) and the global South (including Indonesia, Africa, and India). In the IDA-10, Southern NGOs were sometimes local actors recruited as partners by Northern-based international NGOs, but they also included networks of developing world organizations. The other case studies in this thesis also confirm the diversity of civil society, albeit to a lesser degree. A diverse group of Northern NGOs participated in the Arun III dam project, although Southern civil society participation seems to have come exclusively from local, Nepalese NGOs. In the case of the country systems debate, actors from North America and Europe participated in the international-level policy discussions. From these cases it seems clear that transnational civil society has global reach and membership, and that actors from the global South can and do participate independently in some transnational policy advocacy. In this regard, the emphasis of academics from Lipschutz to Florini on civil society as an emerging, global phenomenon is well warranted (1992; 2000).

Civil society organizations, both individually and in the aggregate, seem to manifest certain behaviors and trends. Most of the civil society organizations studied in this thesis were subject to similar pressures and many had similar responses. Therefore the thesis uses the term 'civil society' to refer to civil society organizations collectively. The experience of this thesis indicates that it is possible to build theory regarding civil society, just as one can build theory regarding organizations or local governments.

Nonetheless, the data about the World Bank indicate that civil society is neither unified nor homogenous. Similarities in behavior should not be confused with unity or consensus. This thesis finds that civil society is highly atomized, with each organization pursuing its own goals or interests. Alliances may form where interests or goals overlap, as in the case of development NGOs during the IDA-10 or anti-dam environmentalists during the Arun III campaign. Similar objectives may also give the superficial appearance of unity even where organizations have had no official dialogue or coordination, for instance, in the common opposition of Transparency International and the ILO to aspects of the country systems policy.

Individual organizations seem to choose their policy activities based on a combination of ideological and material concerns. Ideology may be the primary determinant of an organization's policy interests, be they in environmental conservation or labor rights. However, ideology alone does not seem to predict advocacy. Rather, the decision to participate in activism and policymaking appears to be heavily influenced by funding. Securing and maintaining funding is fundamental to the survival of nonprofit organizations. Development organizations often have significant funding requirements, but even small advocacy actors need to pay staff and overhead. Because funding resources are invariably limited, organizations will choose to participate in those activities in which there is a high return on investment in terms of publicity, power, increased membership, or revenue. In all three cases covered in this thesis, advocacy organizations participated in activism and policymaking when it served to advance their core agenda, defined as the agenda for which their members or their donors supported them. In the case of the IDA-10 and Arun III dam, some organizations also received funding specifically for undertaking advocacy activities. In the case of the IDA-10, the participation of development organizations seems to have been incentivized by the potential for new policies to result in financial benefits, or concerns that alternative policies might snowball into wider cuts in development aid. This behavior challenges the depiction of civil society organizations as essentially altruistic, acting as a global conscience or rescuing the voices of the oppressed (cf. Gryzbowski 2000; Willetts 1996). It also raises concerns about the capacity of civil society organizations to act as representatives for individuals who are not among their funders or members or, more broadly speaking, are not part of those populations from which the organizations draw their funding and membership (cf. Rischard 2002).

Funding, as much or more than ideology, seems to contribute to the aforementioned atomization of transnational civil society. Few of the civil society staff involved in any of the cases in this thesis recounted meaningful dialogue between their organizations and other organizations. Funding appears to calcify ideological views, insofar as organizations received funding (from their members or foundations) to support a particular agenda or were otherwise lobbying in order to protect or advance their financial interest. Particularly during the IDA-10, CSO staff were fully aware of such pressures. They therefore perceived compromise as impossible and dialogue as a waste of time. Even actors from organizations with similar views expressed some tension with one another. Informants indicated that organizations with overlapping agendas competed for funding, at times making them disinclined to collaborate or share credit. Furthermore, in many instances, whether of opposing organizations or likeminded ones, support seems linked to participation in activism (taking a public stand, raising awareness, etc.), rather than policy success. This may also disincentivize compromise between organizations and contribute to individualistic behavior. The major exception to this trend is North-South partnerships, such as those seen in the IDA-10 and Arun III cases. However, evidence from both the IDA-10 case and the literature indicates that such relationships can be highly unequal.

These findings challenge those cosmopolitan theories that suggest that dialogue within civil society can form the basis of democratic global governance (for example, Nanz and Steffek 2004; cf. Held 2004; cf. Held 2006). At the same time, it reinforces the views of those authors who have previously argued that civil society may act in a self-interested fashion (Cooley and Ron 2002; Nelson 1997). It also lends support to the arguments of civil society skeptics who suggest that civil society may exacerbate differences in power when operating beyond the boundaries of the state (for example, Bowden 2006; Goodhart 2005).

In spite of civil society's atomized behavior, its impact has been significant. Both activists and academics credit civil society for numerous actions and policy changes on the part of international institutions. Certainly in the cases of the IDA-10 and Arun III, such claims are well substantiated by the evidence. Indeed, the World Bank itself credits civil society with inspiring and shaping a host of policy changes,

including the development of social and environmental safeguards and the creation of the Bank's Inspection Panel.<sup>1</sup>

That civil society organizations have been able to have such impact without coordinating efforts begs the question of how civil society's impact has been achieved. In the cases examined for this thesis, there is little evidence of civil society marshalling or representing overwhelming public opinion. To the contrary, in the case of the IDA-10, the most successful faction of activists was also the smallest, and in the case of the Arun III dam, civil society defied both the wishes of a democratic government and the well-documented desires of the project-affected population.

Instead, it seems that civil society's impact at the World Bank is linked less to its claims of popular representation or moral authority than it is to the political influence certain organizations have with key states. In both the IDA-10 and Arun III cases, the Bank's concerns about US threats to its funding weighed heavily in its decision to accede to the demands of actors with strong connections to key US politicians. Similarly, the Bank rejected the demands of lobbyists in the country systems case when it became clear that they did not have strong US government backing.

Recognizing the role of state power is not to say that civil society organizations lack the power or autonomy frequently attributed to them. Even though civil society influence at the Bank makes significant use of the leverage of powerful donor states, civil society retains some degree of independence. Some mechanisms of civil society influence, such as public accountability or the monitoring of institutional activities, do not rely on state donors. Even where civil society influence relies on donor leverage, civil society may be able to manipulate key donors via their domestic political processes. Naturally, however, this is most likely to be achieved by civil society organizations from those donor states, particularly those with large memberships or connections to key politicians. The result is an impactful but highly unequal transnational civil society, in which some members have far more power than others. These findings challenge more purely constructivist conceptions of civil society influence even as they confirm civil society's fundamental independence and agency (cf. Price 2003). At the same time, the data lend support to those authors (for example,

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<sup>1</sup> See, for example, <http://go.worldbank.org/UD8NDA4640>. See also World Bank (2003) "Accountability at the World Bank: The Inspection Panel 10 Years On", available at [http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/TenYear8\\_07.pdf](http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/TenYear8_07.pdf)

Fox and Brown 1998; Risse 2000; Keck and Sikkink 1998) who acknowledge the importance of civil society connections with the state.

Civil society organizations frequently claim to represent large groups of stakeholders and to use their influence on behalf of marginalized populations. Such claims may serve to enhance the credibility or influence of their policy proposals, particularly if claims to representivity are accepted by allied policy makers. The representation claims made by the organizations studied in this thesis, however, cannot be proven. To the contrary, there are significant indications that claims made by Western civil society organizations to represent the interests of the Bank's poorest members are overstated. This finding was consistent regardless of whether Western organizations were partnered with civil society from developing countries. In the case of the IDA-10, many spokespersons from both Southern civil society and Southern governments contradicted statements made about the IDA by US environmentalists and their Indian ally. International development organizations were more likely to have the support of Southern governments and civil society in their policy lobbying, yet the data indicate that many development actors were motivated by organizational interests (i.e. the need for funding) rather than any concern for representation.

These claims to representivity are nonetheless central to the capacity of civil society organizations to challenge the authority or legitimacy of governments, particularly those of poorer countries. Civil society can force governments to become more transparent, accountable, or respectful of the rights of their citizens. However, the thesis confirms that civil society organizations can exploit their connections with powerful states to force their agendas on weaker states (cf. Woods 2000, 2005; Wade 2009; Stiglitz 1999). During the IDA-10, civil society worked to delegitimize borrower governments in the eyes of donors, particularly the US, and to develop new conditionalities and Bank structures that would limit borrower autonomy. By limiting the agency of borrower governments, civil society may have also limited governments' ability to actualize the desires of their citizens. Because civil society organizations attacked democratic and undemocratic governments alike, and sought to limit their authority in the policymaking process, civil society may have weakened the capacity of these governments to represent their citizens internationally, closing off a potential means of representation for developing country stakeholders.

The case of the Arun III project also demonstrates the benefits and potential hazards of transnational civil society intervention in local policymaking processes.

International activists partnering with local actors initially helped foment debate around the dam project and increase the transparency of the policymaking process. Ultimately, however, international pressure enabled a small group of local opponents to contravene the decisions of two different democratically elected governments by forcing cancellation of the project. These findings again indicate that concerns raised in development studies about the power of civil society to undercut local governments (for example, Manji and O’Coill 2008) may also have validity in discussions of international policymaking.

### **Transnational Civil Society and Democratic Global Governance**

In its introduction, this thesis uses the ideas of Dahl, Moravcsik, Held, and others to develop a definition of democracy as a system or pattern of equal citizen authority or value expressed via some representative mechanism and resulting in government or institutional responsiveness to the will of the majority, but under which the government or institution is also constrained to protect the liberal rights of its citizens or stakeholders. This definition is designed to escape state-centered understandings of democracy that are focused on voting or other structures, while still maintaining the core values and pragmatism inherent in state models (an effort in which I follow Moravcsik in particular).

Chapter 2 of this thesis mates this concept of democracy with the work of Uhlin, Dingwerth, and Scharpf. These authors disaggregate democratic legitimacy, dividing it into input, throughput, and output components. This thesis takes these components and links them to context. The thesis argues that in order to be democratically legitimate, civil society actors must seek to complete those elements of democracy which are lacking in their own context. This approach helps clarify some of the previous ambiguities embedded in the literature on civil society and democratization. It reveals that disparities in authors’ understandings of civil society’s impacts occur not just because authors use different definitions of democracy (for example, representative versus deliberative) but also because they examine civil society in different contexts (such as undemocratic states, democratic states, or transnationally).

As noted in Chapter 2, the input and output components are the most relevant components for assessing the democratic legitimacy of transnational civil society. However, for the purposes of engaging with the literature, I would like here to first

discuss transnational civil society's contributions (or lack thereof) in each of the three aforementioned categories.

Democratic inputs refer to civil society's contribution to stakeholders' equal representation or inclusion in global governance. In the case of the World Bank, civil society generally fails to contribute to equal representation or to inclusivity. As noted, organizations' policy positions seem to be determined by pre-existing agendas rather than consultations with the stakeholders they claim to represent, and funding considerations may determine which organizations participate in a given policy campaign. Organizations with strong connections to the Bank's major donor governments wield disproportionate power and may actively use their influence to restrict the input of some weaker organizations and developing country governments. Dialogue among organizations is rare and the absence of compromise prevents the creation of consensus positions. As a result, the power dynamics among civil society organizations may actively impede the capacity of civil society as a whole to improve equality of stakeholder access to policymaking or the inclusivity of decision-making processes. In short, this thesis finds that civil society largely fails to contribute to democratic inputs in the governance of the World Bank.

Democratic throughputs include transparency, accountability, participation, and deliberation. Civil society contributes heavily in most of these areas. Civil society organizations have significantly increased transparency at the World Bank by monitoring and researching the Bank's activities; promoting self-monitoring in the form of environmental and social impact assessments; and forcing changes in the Bank's information policy. CSOs have held the Bank accountable through public awareness campaigns and attacks on Bank funding, and by promoting the creation of the Inspection Panel. New dialogues between the Bank and civil society have facilitated the participation of those organizations invited to attend and possessing the resources to sustain involvement. On the whole, civil society has contributed significantly to throughput.

Democratic outputs include increased stakeholder control over policy and the protection of liberal rights. In general, the Bank's scope of activity precludes its direct involvement in the formation of rights. However, there is some limited evidence that where the Bank's activities have led indirectly to the abrogation of stakeholders' rights (as in the case of initially uncompensated forced resettlement of the Narmada oustees), civil society has acted to protect liberal rights. At the same time, civil society has

increased stakeholder control over the World Bank, making the Bank less independent and technocratic and more directly responsive to citizen input. In this regard, the data indicate that civil society has contributed to democratic outputs.

### *The Authority Role*

To determine which of the components of democracy are most important in assessing transnational civil society's democratic legitimacy, one must consider the context in which it operates.

This thesis suggests that within the anarchical transnational space, civil society acts as an authority: an independent and powerful means of citizen influence not subject to the regulation of any state or body. Because civil society is not answerable to any other actor or body, its impacts must be judged on the same terms by which one would judge other international institutions, that is, whether they reflect the core elements of democracy as defined by this thesis. This thesis' definition of democracy specifies that democracy requires equal citizen input and majoritarian control over government. Thus the democratic legitimacy of authorities is judged by input and output.

Civil society, however, is not judged in a vacuum. It is judged for its impacts on the broader system of global governance. Currently, most decisions in the international space are made by technocrats or the representatives of a small number of powerful states. As discussed in Chapter 2, creating democracy in the international policymaking context requires developing equal representation and citizen control. Therefore, civil society must facilitate both democratic inputs and outputs in global governance.

In short, regardless of whether civil society is acting as an alternative to current means of global governance (as cosmopolitan theorists, for example, suggest), or is acting to reform the current system, it must recognize and understand the will of the stakeholders it represents, develop equal authority among stakeholders, and work towards outcomes that represent the will of the majority or which protect the rights of the minority. Only if transnational civil society meets these standards can it be considered democratically legitimate.

Joining context and legitimacy reveals the common ground between those critiques of transnational civil society that claim that civil society's capacity to

contribute to national democratizations does not automatically make it capable of democratizing global governance (for example, Bowden 2006; Foley and Edwards 1996; Goodhart 2005; cf. Lipschutz 1992). In the international context, none of the core elements of democracy are guaranteed by a state or meta-state structure. The logic of the context-based framework reinforces one of their hypotheses: that without the counterbalancing influence of state authority, civil society left to itself may become unaccountable or even tyrannical.

### *The Democratic Legitimacy of Civil Society*

Vis-à-vis the existing literature, the thesis supports the popular contention that civil society increases transparency and accountability (and even, to a limited extent, participation). However, the thesis' framework suggests that improving throughput, as this does, is not sufficient to democratize global governance. Rather, democratic inputs and outputs are the key standards by which civil society's impacts must be assessed. Because civil society fails to improve democratic input into global governance, it cannot be said to be democratizing global governance.

The empirical data about the World Bank support the validity of this judgment. In the three case studies researched here, civil society failed to improve, and even actively obstructed, democratic inputs into global governance. In the absence of such inputs, improved throughputs (accountability, transparency, and the like) only served to magnify the power of elite actors and led to outputs that seemed unlikely to reflect the majority will.

As a result, this thesis lends more support to those authors critical of civil society's capacity to democratize global governance than to those who view transnational civil society as a key agent of democratization. Although the thesis' observations support some of the expectations voiced by each group regarding civil society's nature or behavior, with regards to civil society's impact on global governance the concerns of the critics are better supported by the evidence than are the hopes of the optimists. If the trends manifest in the case of the World Bank hold true elsewhere, civil society may increase the control of some stakeholders over international policymaking. However, civil society as a whole will do little to increase the influence of marginalized stakeholders in international decision making or otherwise improve representation or equality of authority. Far from correcting the

current imbalances in the global governance system, civil society may actually make the problem worse.

### **The Reverse Boomerang**

As noted above, this thesis' primary contribution to academic knowledge is through contributing new data to the ongoing debate on transnational civil society's capacity to democratize global governance, and developing a new framework to analyze civil society's impacts on democratization. However, as described in Chapter 6, the data generated by this thesis also suggest an addition to one of the dominant models of civil society advocacy, the Keck and Sikkink boomerang model. The current model holds that advocacy efforts usually begin in the global South, acquire partners in the global North, and return to the global South with increased influence (Keck and Sikkink 1998). Some of the data in this thesis support the idea of Southern initiation.

Information gathered on the Narmada Dam protests indicate that two of the leading Indian NGOs involved (Arch Vahini and Narmada Bachao Andolan) reached out to Northern NGOs (Oxfam-UK and Environmental Defense Fund, respectively) for assistance in engaging transnational policymakers. Both Indian organizations reported that Northern partnership assisted them in achieving their goals: Arch Vahini successfully negotiated better resettlement terms for the majority of persons displaced by the dam; NBA succeeded in having World Bank funding for the dam withdrawn.

Southern initiation, however, does not yield Southern control. Keck and Sikkink acknowledge that Northern organizations may join a campaign for reasons of their own. The data in this thesis indicate the impact such preexisting interests can have on the focus of a campaign. The involvement of EDF and its Northern allies in the Narmada Dam campaign apparently precipitated a shift in the focus of the campaign from better resettlement to outright cancellation. As noted in Chapter 6, EDF demanded cancellation of the dam before local spokespeople had made an equivalent demand. Although NBA later became a vociferous advocate of cancellation, several observers, including those from Arch Vahini, suggested that the Northern environmentalists had reshaped the campaign to match their own interest in opposing hydroelectric infrastructure projects. Researchers have observed a similar restatement of local interests in other cases of North-South partnership (for example Murphy 2005; Nelson 2000).

Moreover, there is real potential for a 'reverse boomerang'. The data in this thesis indicate that transnational campaigns can actually begin in the global North, acquire partners in the global South, and then return to the North. A Northern civil society organization may strategize an international campaign based on its own values, agenda, or funding incentives. The anti-Bank efforts of the core environmental NGOs involved in opposing the IDA-10 replenishment are a good example. Northern organizations may then seek out local Southern partners, selecting those local civil society organizations whose interests or issues reinforce the Northern agenda. This local support, in turn, helps legitimate or globalize the campaign, giving it greater credibility with key decision-makers. This dynamic was manifested in the IDA-10, for instance, when Congressman Barney Frank asked the National Wildlife Federation to speak on behalf of the people of the global South.

The reverse boomerang also appears to occur in the Arun III case. Nepalese civil society organizations filed the Inspection Panel appeal, but the impetus for an international campaign against the dam appeared to be certain northern NGOs' interest in ensuring the authority of the new Inspection Panel structure. This interest bore little resemblance to the political and economic concerns of the Nepalese actors, and the North American and European NGOs continued their efforts past the point when the Nepalese had sought to withdraw their request for an appeal. Ultimately Northern NGOs used the Nepalese appeal to advance a Northern agenda that predated the dam loan by several years.

As noted, Keck and Sikkink acknowledge that Northern civil society organizations form advocacy networks with Southern actors for reasons of their own. They note that in some cases control of a network may become ambiguous. Potential Northern dominance, however, is distinct from the pattern observed in the IDA-10 and Arun III. Southerners do not simply reach out to interested Northerners; sometimes Northerners do the reaching out. Moreover Southerners may lose control of the entire international campaign, and their alleged interests may be restated and publicized without their consent.

Instead, it seems that at least two boomerangs exist: a South-North-South model, which may empower (at least some) Southern civil society organizations, and a North-South-North model which is driven by a Northern agenda. Within each model, questions of timing and control are crucial. One must ask exactly which organizations control the public face of a campaign; how decisions are made internally (assuming

there is some measure of internal deliberation within the campaign, which this thesis has shown should not be assumed); and when different organizations within the campaign espoused the campaign's public agenda. Recognizing the two possible boomerang patterns and posing some of the questions described can lead to a more nuanced understanding of the mechanics of transnational advocacy and its implications for remedying the democratic deficit in global governance.

### **Limits of the Research**

As noted in the introduction, the primary limitation of this research lies in the limited scope of its data. The World Bank is a prominent global governance institution and, among international institutions, it has arguably received more civil society attention over the past 25 years (in terms of volume of civil society organizations involved, intensity of protests, and duration of advocacy) than any other institution. These factors potentially make the World Bank a leading indicator of transnational civil society's impacts on global governance (Edwards 2001). Nonetheless, it cannot be assumed that findings at the World Bank will necessarily hold true elsewhere. The Bank itself is just a single institution and the civil society organizations engaging it tend to focus on a specific set of issues, including the environment, development, and debt relief. Other institutions, such as the UN, and civil society organizations working in different issue areas, such as human rights, may behave differently.

Even in its consideration of the World Bank, this thesis faces limitations. The bulk of its data derives from the IDA-10 case study, which is nearly 15 years old. Although the IDA-10 findings are compared with the Arun III and country systems case studies, these cases involve smaller cross-sections of civil society. Thus there is a possibility that the thesis does not fully capture the contemporary behavior of some of the civil society organizations engaging with the World Bank. The thesis also presents only limited data on the perspectives from the Bank's borrowing nations. Although I was able to obtain interviews or initiate correspondence with key figures from many American and some European organizations involved in the IDA-10 and country systems, I was unable to locate, despite repeated efforts, equivalent figures from developing countries. Therefore these actors are represented through documentary research. The difference in the type and quantity of data available may lead to an overrepresentation of views from civil society organizations in Bank donor countries and the US in particular. These shortcomings should be remedied in future research.

### **Further Research**

The findings of this thesis suggest that further examination of transnational civil society and its contributions to global governance is merited. The use of a context-based model of democratic legitimacy to assess the impacts of transnational actors is already being explored by other academics, including Anders Uhlin (in his ongoing work), Eva Erman, and other contributors to the Transdemos project on democracy beyond the state. However, I would suggest that several other steps would be useful in overcoming existing limitations in the literature and testing the relevance of this thesis' findings to the broader question of civil society's role in democratizing global governance. These steps are outlined below.

### *An Empirical Approach*

Other researchers have also empirically examined civil society's impact on global governance and even its impact on the balance of power between different stakeholders. Authors like Scholte and Nelson have emphasized the importance of improving the accountability and transparency of civil society or discussed power imbalances between Northern and Southern organizations. Ngaire Woods has written extensively about the need for reform at the World Bank and IMF. She recognizes the ways civil society from powerful states can reinforce global imbalances, although her work focuses more on rebalancing the power of member governments within the international institutions' formal governing structures.

Writing of this sort, however, is still relatively uncommon. Much of the academic research on civil society and global governance suffers from some of the problems identified in Chapters 1 and 2. Research on civil society tends to focus on impacts and assume representivity. Discussions of global governance tend to emphasize theory-building. Questions regarding representation, the mechanisms of civil society influence, and the internal dynamics of civil society coalitions have seen only limited research. Practitioner accounts are generally used in edited volumes in lieu of academic research (for example, as in Fox and Brown's *The Struggle for Accountability*) rather than being critically assessed (as in Fisher's *Struggle over a River*). Therefore I would suggest increased empirical examination of transnational civil society and efforts to generate theory that can be tested using contemporary events.

Such research would be particularly helpful in testing the conclusions reached in this thesis. Additional research could transcend the narrow group of case studies presented here by drawing on data from other international institutions, other forms of global governance (such as international conventions and ad hoc negotiations), and other sectors of civil society activism. Exploring additional recent or contemporary cases could verify (or challenge) this thesis' findings, which are shaped by a more historical perspective. Such cases might also permit closer examination of developing country perspectives. Additional data would develop a more comprehensive picture of transnational civil society and its impacts on global governance.

### *Interactions with the State*

Within this effort, research in two specific areas seems particularly important: civil society-state dynamics, and the impact of material interests on policymaking. As seen in this thesis, transnational civil society addressing global issues has a complex relationship with nation-states. A number of other authors have suggested that civil society's authority relies on or passes through states (including Keck and Sikkink 1998; Risse 2000; Woods 2005). However, there has yet to be much detailed examination of the dynamics of this relationship. (Raustiala (1997) does address this relationship in great detail but the value of his analysis is limited by the fact that he depicts civil society primarily as subservient to the state.) Other authors write of civil society and global governance as though transnational civil society organizations and international institutions have a nearly binary relationship in which states play only a minor role. As seen in this thesis, however, civil society-state interaction is a major component of civil society influence in transnational policymaking. Developing realistic models of civil society influence and global governance requires exploring this dynamic.

### *Material Influence*

Material interests have long been a part of the state-based model of international relations. Critiques of civil society's material interests in development have been path breaking. (These include both popular works like Hancock's *Lords of Poverty* or Maren's *The Road to Hell*, and academic works like Cooley and Ron's "The NGO Scramble".) Development researchers have also explored the role of funding in North-South partnerships among development actors. As this thesis has shown, there is

reason to believe that material concerns also play a role in civil society's involvement in policymaking and advocacy. Detailed research in this area could contribute to much more accurate (i.e. predictive) models of civil society involvement in activism and the dynamics of policymaking coalitions.

### *Defining Democracy*

Lastly, I would suggest that such additional research be done with specific reference to the impact of civil society on the democratization of global governance. Democracy should be used as an analytical yardstick and, within a given piece of research, clearly defined. Using democracy as a measure has a normative value. Responding to citizen interests has become a primary concern of decision makers in certain international institutions, including the World Bank. Such decision makers recognize the usefulness of democratic credentials in establishing their institution's legitimacy. The language of democracy is persuasive to key policymakers and thus can broaden the audience for research. Even more importantly, democracy is essential for stakeholders. Democratic mechanisms ensure that stakeholder concerns are heard and, ideally, that their rights are protected and their interests valued fairly. Using the language of democratic legitimacy helps shine a spotlight on issues of stakeholder access and influence.

From an academic perspective, using democracy as an analytical standard would facilitate comparison of different findings and pieces of research. Not every author will use the standard of democracy put forth in this thesis. Although I favor this standard, it would be unrealistic to expect that all others would use it. However, if all authors define the standard of democracy they are using in clear and explicit terms, it would greatly facilitate the comparison of their findings with those in other works.

### **Improving Stakeholder Representation at the World Bank**

This penultimate section of the thesis recounts this thesis' policy recommendations. These focus on managing or modifying civil society's behavior in order to improve representation. The recommendations fall into two categories: recommendations for the World Bank and recommendations for civil society organizations.

### *Policy Findings*

The findings of this thesis speak to the importance of four policy initiatives: increasing formal dialogues between the Bank and civil society; limiting state power; holding

individual civil society organizations accountable; and improving the composition of civil society organizations engaging the World Bank to make such groups more representative.

Formal dialogues are important because they can, in theory, provide an equal playing field for the civil society organizations involved. In the absence of formal dialogues, civil society organizations are prone to using personal connections or other informal channels to access and influence policymakers at the Bank. As shown in the various cases, these personal channels are often only accessible to elite organizations, particularly those NGOs which can afford to staff offices in Washington, DC where their staff hone their political skills and connections through regular interactions with staff at the Bank's headquarters. Naturally this contributes to the preponderance of Western influence observed in the IDA-10 and Arun III cases, and even strong US access to the country systems team.

It is important to note, however, that dialogues must be more than just spaces for conversation. As the country systems case shows, the Bank's reputation for obfuscation and even deception is not undeserved. Bureaucrats within the Bank are likely to continue to seek to advance their own agendas regardless of civil society input, even if such input can be managed to better reflect stakeholder interests. Thus mechanisms must be developed to hold Bank staff accountable to agreements negotiated with civil society.

At the same time, there is no guarantee that civil society's contributions will not mirror the imbalances inherent in the state-driven system. As things currently stand, resources determine civil society organizations' participation in policymaking. Therefore wealthy populations tend to field more civil society organizations, particularly professional advocacy NGOs, than poor ones. Moreover, civil society organizations from powerful nations seem to have little hesitation in exploiting the power of their states to achieve their goals. Thus in order for formal dialogues to democratize decision making at the World Bank, policies must be developed that ensure a representative cross-section of civil society actors and limit state influence in the policy process.

Developing a representative group of participants requires determining whom each organization actually represents. Identifying representative civil society organizations on the basis of claims alone is difficult. Transnational actors rarely make modest claims. They assume that their values or principles (for clean water,

women's rights, etc.), if actualized, would be beneficial to large populations. They then count these alleged beneficiaries as stakeholders. Such overbroad claims are difficult to verify. It seems unlikely that an organization can be trusted to consistently represent a population to which it is not accountable.

Mere consultation between an organization and a local population is not enough to prove accountability, nor is partnership with grassroots organizations. As shown in both the Arun III and the IDA-10, core members of a campaign are particularly prone to cherry-picking local partners who back up the campaign's core positions. This sort of homogeneity can create an echo-chamber effect that leaves the ideas of the dominant civil society members unchallenged. Claims made on the basis of some grassroots input, such as statements by the Environmental Defense Fund during the IDA-10 to act on behalf of certain Indian villagers, would not pass an accountability test. One means of demonstrating accountability may be via funding. As discussed in Chapter 4, organizations seem to have at least some accountability to the population that funds them.

The following sections describe how the World Bank and civil society organizations can meet these challenges. Each section lays out a series of policy suggestions followed by notes on practical implementation.

### *Recommendations for the World Bank*

The World Bank faces three main challenges: equalizing access among civil society organizations; ensuring that its interlocutors are representative; and responding to civil society in a consistent fashion. To achieve these goals, the Bank should focus on increasing the number of formal dialogues with civil society and imbuing such dialogues with greater power. It should limit the number of informal interactions with civil society, and manage civil society's participation in formal dialogues in such a way as to both obtain a cross-section of representative participants and incentivize civil society organizations to develop their own credentials as stakeholder representatives. These steps would have the effect of regularizing and expanding civil society's influence, while channeling that influence through representative and accessible mechanisms.

Negotiating policy: As noted, using civil society to democratize Bank decision making should begin with the creation of more formal policy dialogues. In the same way that the Bank has developed a standard practice of engaging with national and

local civil society in its project decisions, so too it should engage with civil society regarding changes in its international policies. However, given the Bank's potential to ignore outside voices or listen selectively, I would suggest that consultations be replaced with formal decision-making dialogues. Such dialogues would, in essence, be policymaking negotiations. Working together, Bank and civil society representatives would determine the objectives or broad parameters of specific policies.

Formal dialogues could mitigate some of the problems of elite influence. If major policies are more often shaped by formal dialogues, powerful NGOs may turn their attention towards gaining access to such dialogues or lobbying the other participants. They would doubtless also be influential in such a context, but at least they would have to contend with a more democratic setting.

Holding Bank staff accountable: While dialogues might determine the goals or parameters of a policy, technical details will probably remain the domain of Bank staff. Thus the policy, once written, should be returned to the dialogue group for ratification. (Such ratification could be a straight up or down vote, to avoid last minute wangling and revisions.) Ratification, however done, would be an essential measure of accountability, constraining Bank staff to adhere to the terms negotiated in the dialogue. Only once a policy was ratified would it be submitted to the Bank's board for approval.

Alternatively, the final policy decision could be made at the level of the Bank's board. Bank staff would engage in dialogue and the board would be given both the staff-generated policy and the output of the dialogue group, that is, whatever objectives or parameters the group agreed upon. Since such parameters would be explicitly negotiated by the original group, Bank staff would have little leeway to restate civil society concerns in advantageous terms (as was done following the country systems consultations, for instance). The board might, at times, ignore the dialogue's conclusions but this process would still be a significant improvement over current practices, in which Bank accounts of civil society opinions are filtered through reports on consultations, and civil society input at the Board level comes mostly from powerful NGOs with relationships with a few executive directors.

Ensuring representation: Even if the Bank creates a dialogue structure geared towards eliminating the power disparities between civil society organizations, it still must manage the participation in those dialogues in order to create equal access. To facilitate this, the organizations involved in the dialogue must be accountable to a

specific population. The dialogue itself can then be arranged to involve a cross-section of potential representatives of the impacted stakeholders.

Screening possible participants: To facilitate representation, the Bank would need to screen would-be participants to determine which are accountable to the stakeholders they claim to represent. As shown by the research, organizations have a de facto accountability to their funders. Therefore I propose that the Bank develop a means of using funding as its primary test of accountability. (Other mechanisms of accountability, such as internal democracy, are discussed in more detail under the recommendations for civil society organizations.) Organizations would only be considered representative of the populations funding them. The Bank could then develop mechanisms for choosing from among this pool when creating a new policy dialogue so as to assemble a group of organizations representative of a cross-section of the affected stakeholders.

It is possible that the emphasis on member funding might limit the access of developing-world organizations. However, I find this unlikely. To the contrary, I believe that it might expand access by developing world CSOs. The developing world is rife with civil society, in the form of village associations, church groups, and farmers' collectives. All of these are funded by contributions from their members. The Bank has already demonstrated a facility for locating such organizations for project consultations. Therefore it should be capable of identifying them for invitations to participate in international dialogues. Of course, for such organizations to participate, the Bank would need to fund the travel and expenses of their members and provide translation services. Such an effort would be costly, but should be feasible within the overall expense structure of the Bank.

#### *Implementation Considerations for the World Bank*

The World Bank is already moving in the direction of increased public participation. Dialogue with stakeholders has been part of project planning for over fifteen years now. Consultations on major policy reforms have become more common. The Bank commissioned civil society to review its structural adjustment program a decade ago; more recently the Board insisted that the Bank consult with civil society and other stakeholders regarding country systems. Thus the proposals given here are working with the Bank's current momentum. The Bank could begin by using its current dialogues to generate concrete policy recommendations; screening civil society

involvement in such dialogues; and selecting participants to develop a more representative cross-section. Such an undertaking would be a relatively small step forward from the Bank's current activities, yet this moderate step would increase the democratic legitimacy of both the World Bank's policymaking and civil society's contributions thereto by an order of magnitude.

To implement this new process, I would suggest using the Bank's own civil society staff. The Bank could empower the Civil Society Team, which is tasked with coordinating the Bank's outreach to civil society organizations on a global level, to enforce best practice.<sup>2</sup> These groups have already identified best practices and suggested directions in which the Bank should go. The key would be to give the unit more power to enforce best practice.

Punitive measures in an organization like the Bank are unlikely to be developed, let alone effective, so I use the word 'enforce' broadly. I would suggest that departments developing certain types of new policy be required to dialogue formally with civil society. The arrangement and management of each dialogue would be the responsibility of the civil society unit. This would add an extra measure of neutrality to the proceedings, and increase efficiency insofar as the civil society unit could develop and maintain a staff capacity in selecting participants and moderating policy discussions. Since the unit would control the proceedings, it would also be able to enact further best practices as they develop. Moreover, if using the model of civil society-informed board approval (rather than allowing civil society to ratify final policy), the civil society unit would be responsible for submitting the dialogue outcomes to the board.

Developing specialized capacity in a group like the civil society unit would consolidate knowledge and experience, possibly facilitating institutional learning. This is important, given that many of the aforementioned suggestions are essentially experimental and thus subject to revision. Certain weaknesses would need to be overcome. The process suggested here, for instance, would require funding from the Bank and additional staff time. Such expenditures of resources would need to be managed in such a way as to keep the processes palatable to staff and administrators. The funding-based test of representation, while a significant improvement over the

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<sup>2</sup> I have interviewed several current and former members of the team and interacted with them while observing the country systems negotiations. However, more information is available at <http://go.worldbank.org/WZAC4X2A70>, accessed 13 July 2009.

‘whoever shows up’ structure of some current dialogues, may need to be refined over time.

In all, a system of formal dialogues involving civil society organizations selected for their representative qualities offers the potential for a far more democratic policymaking process than currently exists. If civil society, particularly transnational actors, were also to work to increase its democratic inputs, the process described here would be even more effective.

### *Recommendations for Civil Society*

As shown in this thesis, civil society can act as an effective channel for citizen input into international relations. The problem is that such input is not evenly distributed or shared among all stakeholders. What civil society must do is increase its input legitimacy so that it can more equitably represent the interests of the people affected by its influence in policymaking. Two steps may be helpful in this process. First, civil society organizations must delimit their primary stakeholders and develop accountability to their stakeholder population. Second, organizations must engage in meaningful dialogue, incorporating disparate voices and developing commonly agreed proposals.

Defining representative claims: To become more accountable to their stakeholders, civil society organizations need to begin by defining clearly their stakeholder populations. A population might include all of the people affected by a certain development policy; the citizens of a certain country; or adherents to a certain faith. The key is to make clear on exactly whose behalf an organization is speaking. Organizations may lobby on behalf of certain ideas or principles, but even issue- or idea-based organizations should be able to define their stakeholder population. While it is true that organizations may propose new ideas and develop stakeholder bases around them (cf. Keck 2004), until a stakeholder base is clearly defined, any representative claims must be viewed skeptically.

Such populations, in turn, must be enumerated. Insofar as democratic governance, as described in this thesis, is a majoritarian affair, it is necessary to know approximately how large a given stakeholder population is. Then when international actors, including civil society, governments, institutions, or even corporations, make

competing claims, those claims may be evaluated by a standard of majority rule, with the actor or coalition representing the largest group winning out.<sup>3</sup>

Testing claims to representation: If decisions within civil society are to be made on the basis of majority rule, organizations must not be allowed to skew decisions (either deliberately or inadvertently) by overstating their stakeholder population. To reduce this problem, claims to representivity must be evaluated by a set standard, applicable to all organizations. I propose that civil society organizations should seek to be directly accountable to the population they claim to represent, and that their stakeholders should be considered only that population to whom they are demonstrably accountable.

Establishing accountability: Accountability implies the potential for reward and punishment. Financial accountability has already been discussed. Other forms of accountability include an established creed or internal democratic structures. Faith-based groups may be considered representative in matters pertaining to the faith because both leaders and adherents are held to the same, immutable standard. Many grassroots organizations in the developing world allow members to elect their leader and chief officers. Certain US NGOs, like Bread for the World, hold annual meetings at which members vote on organization priorities. Unions also tend to use internal votes on key decisions. Provided that such populist mechanisms are binding on the leadership, such voting would also be considered proof of accountability.

Meaningful dialogue: Ideally, dialogues among civil society organizations should feature solutions-oriented negotiations among diverse partners. Organizations with an interest in a particular issue should endeavor to engage with other organizations representing stakeholders on the issue. If organizations have carefully defined their stakeholders and if the issues being discussed are truly global in nature, such dialogues should involve a wide variety of organizations, holding a variety of views.

Once actors are engaged with one another, their dialogue must involve a commitment to developing and supporting a common position. Civil society and stakeholders alike benefit from diversity, so the goal of dialogue is not to homogenize civil society. However, once dialogue is engaged, stakeholder interests must be

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<sup>3</sup> Naturally, this assumes that the majority is not acting to abrogate the democratic process or violate recognized rights of the minority. As noted elsewhere, the preservation of basic rights is prioritized over unfettered majority power.

paramount. Dialogue must seek to determine the stakeholders' will. For instance, the various organizations involved could put forward proposals and negotiate and modify them until a proposal is reached that seems to reflect the will of a majority of the stakeholders represented.

### *Implementation Considerations for Civil Society*

Increasing transparency and accountability would require time and money from those organizations which do not currently release financial records or have internal democratic mechanisms. Organizations might also be reluctant to release funding information, particularly if their funding stream comes from a very limited set of powerful donors. Indeed, both organizations and donors might be resistant to increased transparency. Organizations might also be inclined to defend existing claims to representivity, rather than delimiting a narrower stakeholder group, lest they undermine the credibility of their previous advocacy work. It is important to acknowledge that the organizations with the most to lose are also the most powerful. Major advocacy NGOs based in the global North have significant power and many have already established their credibility with key policymakers. For such actors, reforming representation entails more risks than rewards.

Nonetheless, reform is not impossible. Organizations' pre-existing values and the process of norm formation can facilitate reform. Representing marginalized populations is a commonly articulated value, particularly among advocacy organizations. If academic research continues to challenge claims of representivity, organizations may feel compelled to test their own claims, improve grassroots connections, or otherwise modify their behavior. Pressure from within an international network can also result in reform. For example, in 2002, within Friends of the Earth International, concerns were raised by Southern members about Northern domination of the network. Discussion led to a radical rethinking of the network's strategy and objectives. Admittedly, this process was facilitated by the fact that the network already afforded equal votes to Northern and Southern members. However, both the original changes in the agenda and subsequent strategy discussions demonstrate that

Southern civil society is not always cowed by wealthier Northern counterparts, and that Northern organizations are not always unreceptive to Southern demands.<sup>4</sup>

Given that many CSOs already claim representation as a value, if a norm develops around enhancing representation, it could become widely adopted over time. The development of such a norm would be an incremental process. If a few leading actors were to release financial records, improve stakeholder voice within the organizations, or engage more meaningfully with Southern partners, the reform process could snowball. The fact that some civil society organizations, including some American NGOs, practice internal democracy indicates that such practices are acceptable, at least to some actors. For instance, Friends of the Earth International practices meaningful North-South dialogue, granting all of its national members equal voice in deciding the organization's agenda.<sup>5</sup> Granted, this only shows that such practices are feasible, not that they are spreading. However, if reforms are feasible, then the primary barriers to widespread reform are ones of opinion or interest, not logistics or practicality.

One key issue to be resolved is facilitating the participation of Southern civil society. As noted in the discussion of World Bank-driven dialogues, actors from the developing world may lack the resources necessary to participate in international dialogues. Moreover, as discussed in Chapter 6 of this thesis, developing country actors receiving funding from an outside organization may be inclined to adjust their positions to favor their patrons. Similarly, would-be patrons may be inclined to select partners based on the degree to which those partners support the patron's view.

A possible solution involves two parts. First, wealthy civil society organizations involved in a particular campaign or policy process ought to pool a portion of their resources in order to fund the involvement of developing country actors. Although this may still incline those organizations receiving funding to favor the positions of their patron group, it limits the potential for a patron-client relationship between just two organizations. Alternatively, when dealing with a country- or region-specific issue, wealthier civil society organizations could seek to hold their dialogues in the affected locale, diminishing the costs of participation for local actors. Second,

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<sup>4</sup>Brian Doherty and Timothy Doyle, "'We are heavily in solidarity in this room': Accountability, Representation and Democracy in Friends of the Earth International", paper presented at the European Consortium for Political Research – Joint Sessions of Workshops, Lisbon, 14-19 April 2009.

<sup>5</sup> Ibid.

funding coalitions must seek to choose their partners on their merits as representatives, rather than their adherence to a particular policy position. Ideally, a funding coalition would choose its counterparts based on the number of stakeholders to whom they are verifiably accountable. However, an incremental step might be to build a coalition around interest in a broad issue (such as the environment, trade, or labor standards) before defining specific policy proposals or modes of action. Here again Friends of the Earth International provides a helpful example: it selects its local partners based upon their interest in environmental issues. Organizations must have an existing track record of local advocacy. Once organizations join the network, they continue to emphasize the unique concerns and preferred approaches of their national constituencies.<sup>6</sup>

Such dialogues may still be less diverse and equitable than those managed by the Bank. Civil society organizations from outside the developing world may lack the resources or knowledge to search out a wide variety of potential stakeholders and choose among them. Unlike the Bank, many Northern civil society organizations do not have staff presence in developing countries or regions or a mandate to engage with grassroots stakeholders. If civil society chooses its own counterparts, the process is likely to favor professionalized NGOs from urban centers, which have the expertise, connections, or resources necessary to reach out to global networks. Nonetheless, choosing among even this limited cross-section of organizations on the basis of representation rather than ideological agreement alone would yield more diverse and representative international networks than currently exist.

There are a number of challenges to this proposal, many of which, due to questions of scope and space, are not discussed here fully. Nonetheless, individual civil society organizations genuinely wishing to improve stakeholder representation and develop a more democratic system of international influence can take steps which may impact the representivity of transnational civil society as a whole. If some organizations were to increase transparency regarding funding, specify their stakeholders in transparent terms, cultivate accountability, or develop more democratic dialogues, there is a real possibility of creating new norms within transnational civil society, resulting in better stakeholder representation.

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<sup>6</sup> Ibid.

### *Transnational Intervention in Domestic Processes*

It is important to note that increasing the representivity of transnational civil society does little to deal with the problems associated with transnational civil society intervention in the affairs of democratic states. The passion most civil society organizations have for their issues (and the unfortunate contempt in which many Northerners seem to hold Southern governments) makes them unlikely to withdraw in favor of the government. However, as much as possible, civil society organizations should seek to distinguish between democratic and undemocratic governments. Tests of democracy could go beyond mere elections to encompass the protection of rights or a lack of corruption; however, the standards should be transparent and should not be more stringent than those applied to recognized Western democracies. When engaging with issues in such countries, international organizations might be well advised to seek to localize the discussion, by supporting local partners as they foment debate, rather than internationalizing local decisions through transnational campaigns.

### **Final Considerations**

The vast majority of the world's citizens live in poverty in underdeveloped nations. Some of these nations are undemocratic, and many of them lack strong influence in the global arena. If the growing importance of global governance is to impact these persons in a positive way, by protecting rights, alleviating poverty, or facilitating development, such populations must have an equitable say in the decisions. For civil society, claiming to speak on behalf of such populations is no substitute for creating institutions and mechanisms that allow them to speak for themselves. As this thesis has shown, civil society has the power to both enhance stakeholder authority and to inhibit equality and representivity. Incisive academic research and data-driven theory building can hold civil society itself accountable, helping to ensure that its contributions empower all peoples, particularly those in need.

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