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# **The Struggle for Accountability The World Bank, NGOs, and Grassroots Movements**

edited by Jonathan A. Fox and L. David Brown

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## Series Foreword

A new recognition of profound interconnections between social and natural systems is challenging conventional intellectual constructs as well as the policy predispositions informed by them. Our current intellectual challenge is to develop the analytical and theoretical underpinnings crucial to our understanding of the relationships between the two systems. Our policy challenge is to identify and implement effective decision-making approaches to managing the global environment.

The Series on Global Environmental Accords adopts an integrated perspective on national, international, cross-border, and cross-jurisdictional problems, priorities, and purposes. It examines the sources and consequences of social transactions as these relate to environmental conditions and concerns. Our goal is to make a contribution to both the intellectual and the policy endeavors.

## Introduction

Jonathan A. Fox and L. David Brown

The World Bank has long been accused of "bankrolling disasters"—funding economically questionable megaprojects with devastating social and environmental costs.<sup>1</sup> Yet, as early as 1972 the World Bank was the first major international aid agency to declare that developmental and environmental goals were compatible.<sup>2</sup> Since 1987, its presidents have admitted past mistakes, and by the mid-1990s the World Bank claimed to be a leading force for "environmentally sustainable development." As the world's most influential international aid agency, which side is it really on?

Many environmental critics charge that the "greening" of the World Bank is largely a facade, and that its projects have changed little on the ground.<sup>3</sup> Social critics add that the Bank's commitment to technocratic, export-led growth models favors the rich and blocks more equitable and environmentally sustainable development alternatives. It is a multilateral *bank*, after all, formally accountable only to its member governments. World Bank defenders recognize that many of its projects have problems, but attribute them primarily to the borrower governments that carry them out. Bank officials often add that even "problem projects" would have been much worse without their involvement.

What began in the early 1980s as an international debate over rain-forest road building and dam evictions became by the early 1990s a much broader effort to hold the World Bank more publicly accountable to civil societies in both donor and borrowing countries. For more than a decade, nongovernmental environmental and development organizations (NGOs) have formed diverse transnational advocacy coalitions, both within the Northern industrial countries and across the developing

South, including varying degrees of participation by grassroots movements of people directly affected by internationally funded projects.<sup>4</sup> These campaigns have had an impact, most notably by pressuring donor governments to encourage the World Bank to adopt more rigorous environmental and social policies. Controversial projects that the World Bank would probably have funded a decade ago are today much more likely to be vetoed or modified in the design phase. Although its practice continues to lag behind policy promises, the World Bank's reform policies are important because they create benchmark standards that public interest groups can use to hold the institution accountable (standards that the Bank's growing private sector investments escape, however). Public debate continues over appropriate standards and institutions for accountability, but the World Bank's own "sustainable development" reforms make commitments that are ambitious compared to its own practice, past and present.<sup>5</sup>

This book analyzes the origins of these policy reforms and the subsequent conflicts over how and whether to follow them in practice, an international struggle for accountability that involves the World Bank, donor and borrowing governments, nongovernmental public interest organizations, and grassroots movements. It asks two specific questions. First, how has the Bank responded to the NGO/grassroots environmental and social critique? In other words, to what degree has protest had a tangible impact on changing Bank and borrowing government behavior? Some frame the question in dichotomous terms: has the World Bank either "learned its lesson" or "failed to reform"? The debate is heated and the stakes are high. Ironically, those critics who claim that no meaningful change has occurred are in the position of devaluing their own influence and creativity. If the Bank has not changed at all, then NGO campaigns mounted over the last fifteen years have failed. This volume's diverse collection of case studies of project and policy conflicts attempts to assess *degrees* of change, based on the assumption that even relatively small changes in the behavior of large, powerful institutions matter a great deal to directly affected populations.<sup>6</sup> The conclusions suggest that the Bank has to a small and uneven but significant degree become more publicly accountable as the result of protest, ongoing public scrutiny, and the empowering effect on insider reformists.

Second, to what degree have these advocacy campaigns, often led by NGOs, represented the organizations of people most directly affected by Bank projects? Most NGOs are intermediary organizations, not direct representatives of grassroots groups, so how have they bridged the vast differences in culture and power between Washington lobbyists and distant villagers? To what degree have NGO critics been accountable to their own coalition partners? Some—though not all—of the advocacy campaigns included a significant grassroots voice, especially those focused on specific projects. The more general policy reform campaigns, in contrast, tended to be dominated by international NGOs. At the same time, these broader policy reform efforts depended on the public concern and legitimacy generated by the more locally driven project-specific campaigns. Some NGOs learned how to buffer the vast cultural and power gaps between coalition partners by building "bridging organizations." The studies collected here found that, over time, transnational NGO advocacy networks have become more accountable to their local coalition partners—partly because of more vocal and autonomous grassroots movements, and partly in response to the Bank's challenge to the legitimacy of international NGO critics.

These uneven processes of change are illustrated by one of the most intense project controversies of the 1990s. Just before it was to be approved, the World Bank's new president canceled a proposed loan for Nepal's Arun III Hydroelectric Dam, shocking both the project's critics and supporters. As the case discussion in the concluding chapter argues, this unusually clear-cut victory showed that an emerging transnational NGO media and lobbying alarm system had gained a growing capacity to block questionable development projects *before* they were built. This partial veto power contrasts with most previous NGO and grassroots protests, which had led to only partial mitigation of project impact.

The cancellation of the Arun III Dam also opened a window on the broader political conflict between the World Bank, civil societies, and national governments over how to allocate resources in the name of development. The debate over the project was not just an exchange between the Bank and its NGO critics, but was mediated by the fragile and uneven process of democratization within Nepal, as well as by new World Bank institutions and policies created in response to previous

protest and lobbying campaigns. Specifically, the decision to cancel Arun III cannot be explained without taking into account the Bank's newly bolstered reform policies regarding environmental impact assessment, public information access, involuntary resettlement, and indigenous peoples. In 1994, these policy commitments were reinforced by the Bank's creation of the Inspection Panel, a relatively autonomous official appeals channel designed to investigate claims made by project-affected people that World Bank reform policies have been violated.<sup>7</sup>

The Arun III case also revealed the importance of the *reciprocal interaction* between external critics and internal Bank dissidents. Neither insider advocates of environmental and social concerns within the Bank, nor external criticism alone were sufficient to defeat the Arun project; each reinforced the other, with the external critique tipping the balance in an internally divided Bank.<sup>8</sup> In contrast, when World Bank ranks have remained more unified—for example, in their belief that structural adjustment programs (SAPs) are the only legitimate solution to macroeconomic problems—external critics appear to have had much less tangible impact. The World Bank now does tend more to cushion the social impact of adjustment; it also claims that since the late 1980s its macroeconomic conditionalities have made “maintaining or increasing social expenditures a condition of adjustment loans.”<sup>9</sup> Nevertheless, most SAP critics respond that the core of the model remains largely unchanged.<sup>10</sup> This may be due to their lack of influential insider allies. This link between insider-outsider interaction and advocacy *impact* dates back to the very beginnings of NGO efforts to reform the multilateral development banks (MDBs).

#### Stepping Back: The Multilateral Development Bank Campaign(s)

What came to be known as “the MDB campaign” began in a coordinated way among Washington-based environmental activists in 1983. It was predated, however, by two main streams of protest. Human rights activists had highlighted the World Bank's Cold War political biases. It opposed loans to Chile's radical reform government elected in 1970, and then quickly renewed lending to the military regime that overthrew the reform government. The World Bank had also faced local protest move-

ments on the ground, such as the Cordillera peoples' successful resistance to the Philippines' Chico River Dam in the late 1970s and tribal protest against India's social forestry programs.

By the early 1980s, growing awareness of rainforest destruction and violations of indigenous rights had created a widely accessible political and visual shorthand that allowed public interest groups to raise much broader questions about the environmental and social impact of World Bank projects. The U.S.-based environmental NGOs began with congressional hearings in the early 1980s, showcasing expert testimony from Brazilian and Indian experts, as well as World Bank consultants and staffers who had seen their internal warnings of environmental and social damage go unheeded. Brazil's Polonoeste Amazon road project became the “paradigm case.”<sup>11</sup> Although only a small part of the World Bank's portfolio directly destroyed the rainforest, the NGOs' “case study” strategy highlighted the Bank's decision-making processes, which allowed such projects to be funded. This case study approach was not a social science concept; it was a media and lobbying strategy to highlight egregious projects that resonated with widely accepted “frames” for understanding environmental problems—such as burning rainforests—in order to underscore more general institutional problems at the World Bank.

U.S. NGO critics kept up the pressure in Congress, contributing to the Reagan administration's choice of a former congressman—Barber Conable—to head the Bank in 1986. The U.S. Treasury Department's concern with defusing the debt crisis led some conservatives to seek to allay public criticism of the World Bank, while a few pragmatic environmentalists sought legislative clout through coalitions with Republican aid critics. Partly in response, the Bank created a high-profile Environment Department as part of its broader reorganization in 1987. Growing international media criticism and grassroots protest in borrowing countries such as Brazil and India also put the World Bank on the defensive. These pressures bolstered U.S. environmental NGOs, whose influence in Congress and the U.S. Treasury created leverage over a strategic institutional pressure point: donor funding. The political threat to always uncertain U.S. foreign aid appropriations for the World Bank directly led its management to start listening more closely to a small group of insider environmental professionals that had been quietly developing reform policy

proposals, according to Robert Wade's recent study, which is based on full access to the World Bank's internal files.<sup>12</sup> The result was the precedent-setting establishment of an environmental assessment policy in 1989 and its subsequent strengthening in 1991.

The U.S. NGO effort to reform the multilateral development banks was originally led by a small group of individuals, strategically located in the international departments of large membership environmental organizations, such as the National Wildlife Federation, the Sierra Club, and the Environmental Defense Fund.<sup>13</sup> Their millions of dues-paying members gave them congressional clout and media credibility, while the small number of full-time activists in Washington facilitated relatively high levels of coordination of what they called "the MDB campaign." Though this term implies that there was one single campaign, diverse campaigns against the multilateral development banks multiplied around the world. Though the growing number of active groups focused on shared targets, they often differed in basic analysis, priorities, strategies, and tactics. By the late 1980s, advocacy groups in developing countries began playing more leading roles, and more aggressive NGO campaigns spread to Europe, Canada, and the Pacific. An unprecedented mass street protest at the World Bank's 1988 annual meetings in Berlin began to change the tone of the campaign, broadening it beyond small lobbyist circles and encouraging some U.S. groups to become more radical. At the same time, many of the European NGOs began to experiment with the U.S. advocacy strategy of "following the money" and began to target government appropriations. By the late 1980s, rainforest destruction and large dams brought environmentalists, development NGOs, human rights activists, and indigenous activists together into a broad effort to question multilateral economic development decision making more generally. As the social, geographic, and institutional base of the campaigns broadened, anti-poverty concerns and structural adjustment became growing priorities on the MDB campaign agenda.

During the 1980s, the MDB campaign pursued a "sandwich" strategy: from below, Southern groups provided local project information and political legitimacy, while from above Northern advocacy groups lobbied donor governments to push for reform, through their representation on the Bank's board of directors. Bank reforms, in turn, were intended to

encourage borrowing governments to become responsive to social and environmental concerns. Recall that the World Bank lends primarily to governments, and some Northern NGO advocacy groups hoped that its famous leverage over borrowing governments could be used for reformist ends, a hope that led to sovereignty concerns among Southern groups. In the process, different participants in these North-South NGO coalitions had different priorities. Northern groups tended to be more focused on changing the Bank, whereas Southern groups were often more concerned with creating the political space needed to challenge their own governments' development strategies.

The Bank's need for regular donor government contributions to the International Development Association (IDA), its low-interest lending window for the poorest countries, created a three-year cycle of political opportunities for the NGO campaigns, and most major Bank policy reforms were directly associated with the need to respond to donor government debates over IDA contributions. NGOs differed, however, over whether to call for cuts in IDA contributions or to take the less confrontational approach of using the appropriations debates to encourage reform. This issue divided both Northern and Southern advocacy groups into more moderate and more radical wings.<sup>14</sup> Pressure from radical environmental and social critics to cut IDA funds encouraged the World Bank to engage in dialogue with more moderate NGOs, especially those from the South. The Bank began to accept the principle of direct NGO and grassroots participation in projects. The 1996 panel discussion that followed World Bank president James Wolfensohn's official blessing of the new *Participation Sourcebook* revealed one of the key political impulses behind the growing internal legitimacy of the "pro-participation" current within the World Bank. As one senior official reported to the group,

I was in charge of trying to ... help ... to raise money for IDA and you all know it's gotten very difficult to do so. One thing I learned very quickly is that we need the support of NGOs in the North in order to do that. It also became very clear very quickly that the NGOs in the North are very closely related to their work and experience with the NGOs in the South. And so it became very quickly clear that we had to build better bridges to the NGOs in the South. *We had to let them into our tent. We had to work with them, not only because it does better projects, but because it's very important for us to be able to convince their partners in the North that we're doing a reasonable job.* And I can assure you the line of



communication between the NGOs in the South and the NGOs in the North is extremely short, meaning quick (emphasis added).<sup>15</sup>

The Bank's wave of reforms in the early 1990s not only strengthened earlier involuntary resettlement, indigenous peoples, and environmental assessment policies, but also included more funding for poverty-targeted and "green" projects—the recognition that the social costs of macro-economic structural adjustment should be taken more into account. Bank discourse was changing, but its "unreformed" practice caught up with it at the same time, as the unprecedented grassroots/international NGO campaign against India's Narmada (also known as the Sardar Sarovar Dam) severely damaged the Bank's international credibility. Sharp conflicts between official descriptions of the social and environmental impact and field reports coming from grassroots and NGO sources led the Bank's board of directors, dominated by donor governments, to commission a full-scale independent review. The 1992 Morse Commission report concluded that the Bank's environmental and resettlement policies had been flouted, and took the dramatic step of recommending that the Bank "step back" from the project.<sup>16</sup> The militancy of grassroots opposition to the Narmada Dam echoed throughout international advocacy networks, as thousands of villagers vowed to drown rather than leave their homes.

By 1993, bolstered by the Morse Commission's official legitimization of key elements of their critique, international NGO coalitions used their leverage over donor government IDA funding to push for broader policy changes at the Bank—including more public access to project information, the creation of an appeals mechanism for project-affected people (to become the Inspection Panel) and more accountability for the actual implementation of the resettlement policy. The 1993 information policy reform and the establishment of the Inspection Panel were directly negotiated with the U.S. congressional leaders who controlled IDA funding (see chapter 11 in this volume). The Inspection Panel was especially important because it was created to verify actual implementation of the rest of the Bank reform policy package.

Seeing limited change on the ground, NGOs differed over whether the Bank should ultimately be reformed or abolished, but most agreed on the immediate goal of pushing for institutional reforms. By the World Bank's

1994 anniversary year, many groups—especially in the United States—agreed on a compromise strategy, under the deliberately ambiguous slogan "50 Years is Enough." The premise was that the Bank should be reformed, and if it could not, then its funds should be reallocated to more socially and environmentally responsible development agencies. The campaign had a high degree of success in reaching the media, which was a key channel for influencing the then-Democratic U.S. Congress.<sup>17</sup> As Lewis Preston, president of the World Bank at the time, put it,

I think that the mistake the bank has paid the highest price for was not recognizing the importance of the environment. Initially they perceived that there was a conflict between development and the environment. That mistake, I think, has in terms of the criticisms of the bank, eroded some of the support the bank is entitled to. . . . [But this criticism is] very much out of date.<sup>18</sup>

As this volume shows, World Bank practice still falls far short of its promises of reform. According to the World Bank's director of environmental economics, at a basic conceptual level changes have been mainly limited to "grafting environmental concerns onto business as usual," at least until recently.<sup>19</sup> These changes have involved some attention to environmental mitigation measures; for most projects, however, social impact, participation, and environmental sustainability criteria have not been built into their original conceptualization, a situation analogous to handling pollution problems with "end-of-the-pipe" remedies rather than source reduction. As even the politically moderate World Wildlife Fund notes, "The Bank's 'end-of-the-pipeline' approach to incorporating environmental concerns has demonstrated that environmental sustainability cannot be added on the 'business-as-usual' approach to development."<sup>20</sup> NGO critics of structural adjustment make similar argument about the Bank's growing portfolio of targeted antipoverty projects: until the macroeconomic models stop increasing poverty and promote a more broad-based pattern of growth, poverty-reduction investments will at best deal with the symptoms rather than the underlying causes of poverty, such as inequitable access to productive resources and employment.

#### Frame One: Explaining Institutional Change

The question of the degree to which the World Bank is changing raises the more general analytical issue of how and why large, relatively

autonomous institutions change.<sup>21</sup> The literature on organizations explains the dynamics that make large hierarchies guard their autonomy and therefore resist power sharing with other actors, and it distinguishes between mere adaptation and learning. Organizational adaptation involves changes in behavior in response to new pressures or incentives, but without any adjustments in the organization's underlying goals, priorities, or decision-making processes. Learning, in contrast, involves disseminating new conceptual frameworks and institutional changes throughout an organization, thus leading to qualitatively new goals and priorities, as well as changes in behavior.<sup>22</sup>

Although there is widespread acceptance of the notion of organizational learning and its importance to institutional performance, it turns out that the literature has not developed any widely accepted theory to explain it. Moreover, many approaches conflate adaptation and learning, a problem because changes in organizational behavior may occur with or without learning (defined as changes in the ways problems are perceived and explained). Moreover, some staff may learn without necessarily changing organizational priorities and internal incentives, leading to little change in institutional behavior.<sup>23</sup>

The distinction between organizational adaptation and learning translates into the difference between assessing change at the World Bank as the result of external political pressure and changing institutional incentives, versus attributing its reforms to increased internal acceptance of new ideas, bolstered by their technical credibility, expertise, and intellectual acceptability.<sup>24</sup> Many World Bank staff would argue that the institutional greening process is driven primarily by internal learning, changes in patterns of recruitment, research and staff education, and technical progress in finding "win-win" approaches to environment-development trade-offs.<sup>25</sup> Others would attribute less weight to the power of expertise, suasion, and intellectual prestige, and would stress the importance of changing institutional incentives and power relations, so that those staff who have "learned" to be more socially and environmentally responsible are actually *headed* by those who make the funding decisions. These choices are not dichotomous, however, because ideas and interests in an organization clearly interact and influence one another.

In the Bank context, external political pressure can encourage learning as well as adaptation (by politically bolstering those insider reformists willing to learn). Institutional rethinking and redesign can help to avoid problem projects in the first place. However, most observers tend to conclude that the Bank does much more adapting than learning. One study of a Bank effort to change states that "they continue to fit the task to the organization rather than the organization to the task."<sup>26</sup> As Fox's chapter (chapter 9) on the Bank's resettlement policy shows, for example, that although project managers can "learn" that tens and hundreds of thousands of poor people are evicted and immiserated by large infrastructure projects, this "learning" does not necessarily lead them to respect the people's rights. This chapter's analysis of internal learning shows that greater institutional accountability is driven less by conceptual insights than by changes in the balance of political power between pro-reform forces both inside and outside the Bank on the one hand, and old guard, anti-reform forces entrenched in the operational apparatus and borrowing governments on the other.

Organizational learning that threatens dominant paradigms—such as the hegemony of neoclassical economics at the World Bank—is likely to provoke resistance.<sup>27</sup> The core analytical models and country strategies that guide key lending decisions still tend to treat social and environmental costs as externalities and therefore as secondary considerations.<sup>28</sup>

As Ernst B. Haas's comparison of international organizations concludes, "adaptive behavior is common, whereas true learning is rare. The very nature of institutions is such that the dice are loaded in favor of the less demanding behavior associated with adaptation."<sup>29</sup> Over time, significant organizational learning is therefore likely to involve long periods of rising tension with existing paradigms, followed by periods of transformational disruption (a "punctuated equilibrium"), which in turn are followed by periods of incremental change and consolidation.<sup>30</sup> In this view, if there were to be "true" organizational learning at the Bank, it would follow a long period of gradually building pressures for change—such as the NGO advocacy campaigns from the mid-1980s through the early 1990s and the resulting increase in insider environmentalist influence. As of the mid-1990s, however, these gradual changes had not yet been translated into dramatic changes in the Bank's primary activity:

development lending. Whether or not the further greening of the Bank in the mid-1990s will lead to the kind of concentrated period of qualitative transformation stressed by the literature on organizational change remains an open empirical question because the actual impact of many key changes has yet to be felt on the ground. As seen throughout this volume, Bank discourse and actions are both *moving targets*, which greatly complicate assessments of the consistency between them.<sup>31</sup>

### Frame Two: The Difficult Construction of Accountability

Accountability refers to the process of holding actors responsible for actions. Operationalizing such an open-ended concept is fraught with complications, starting with the politically and technically contested issue of assessing performance. Even if the measurement problem were solved, the factors explaining the process have received remarkably little research attention. For example, although political science has sought broad generalizations to explain wars, treaties, military coups, legislation, electoral behavior, and transitions to democracy, it has not produced empirically grounded conceptual frameworks that can explain how public accountability is constructed across diverse institutions.<sup>32</sup>

At the most general level, the World Bank is one of many large bureaucracies that claim to operate in the public interest, but which have only discretionary mechanisms for civil society input. When reflecting about how such relatively impermeable institutions respond to calls for public accountability, one could venture the following series of general propositions. First, most hierarchical organizations resist power sharing and attempt to control their environment. Second, when under-represented groups manage to overcome the usual obstacles to collective action and attempt to hold public institutions accountable, the resulting conflict will lead to, at best, partial change. Concessions can be won by broad advocacy coalitions that manage to target institutional pressure points and ideological inconsistencies (such as challenging funding sources and producing delegitimizing "facts" that show violation of the public interest). Third, through cycles of conflict and reform, concessions may cumulate. If some of those concessions take the form of changes in decision-making processes, such as increased public access to information or the strength-

ening of insider reformists, then the rules of engagement between public interest advocacy groups and the bureaucracy shift, thus facilitating future changes. Such institutional changes can also be rolled back or hollowed out by bureaucratic backlash.<sup>33</sup>

Officially, the multilateral development banks, including the regional banks as well as the World Bank, are accountable only to their member nation-states, whose votes are weighted according to their respective financial contributions. But the relative autonomy of Bank managers and staff vis-à-vis the agency's formal owners (the member-states) is widely recognized. The most powerful evidence is that the Bank's board has never rejected a loan proposal from management. Even if the Bank were effectively accountable to its member governments, most critics would reject this formal accountability criterion because of the board's "one dollar-one vote" distribution of power. Once one leaves this formal institutional domain, however, producing a consistent, measurable, widely accepted definition of accountability becomes problematic.

This study operationalizes the concept of accountability by focusing on only one of many relevant indicators: compliance with the World Bank's own social and environmental reform goals as benchmarks of institutional change. The indicators stressed here are the Bank's own policies that are supposed to guide staff behavior and resource allocation. The focus here is on actual Bank compliance in practice, rather than on changes in official discourse and affirmations of intent. This methodological choice is not meant to suggest that the editors (or much less the chapter authors) are taking a position regarding whether these official reform policies are "sufficient" from a normative standpoint. The choice is based on the view that most civil society protest produces at best partial institutional change and therefore that indicators of *degrees* of change are needed to assess protest impact.

Using Bank compliance with its own social and environmental policies as an accountability indicator also helps to disentangle the issues of World Bank accountability and advocacy group representation. World Bank officials note that many other stakeholders are involved in development projects, and some would question the degree to which advocacy groups and mass movements represent broader public interests. However, because the Bank itself accepts that it should abide by its own

reform policies, when NGOs and grassroots movements manage to hold the Bank accountable for its own promises, they then have unambiguous pro-accountability impact on the institution—regardless of who they represent.

Conceptualizing the role of civil society critics in holding the World Bank accountable requires more than a simple two-actor model of conflict. Nation-states play determinative roles as well.<sup>34</sup> In donor countries, NGO advocacy groups lobby governments to try to influence the World Bank through their country's executive directors. Donor country NGO influence on the World Bank is therefore mediated by the NGOs' capacity to forge coalitions in the executive and legislative branches of their own governments, bolstered by the political legitimacy of taxpayers' calls for effective and transparent public spending.<sup>35</sup>

In developing countries, the influence of NGOs and grassroots groups on Bank-funded projects and policies is mediated by the degree of democratization of their own national political institutions. Even in borrowing countries with elected governments, however, World Bank funding decisions largely bypass the democratic process. Borrowing country state managers are crucial in determining the actual impact of Bank projects because they are the ones who end up allocating Bank funds in practice. The World Bank's capacity to force compliance with its famous loan conditionalities is actually quite uneven and has been more often assumed than demonstrated. Many borrowing government state managers are also quite adept at creating merely the appearance of compliance.<sup>36</sup> Conclusions based on the subordination of small, very poor countries do not necessarily hold for large countries with nationalist traditions and strong ruling classes—such as Brazil, India, or Mexico. Moreover, many assume a two-actor, zero-sum negotiation process between the Bank and borrowing governments, but more often Bank and national finance ministry officials agree on what needs to be done and then use their combined leverage to influence the rest of the state apparatus.<sup>37</sup>

The issue of Bank accountability is inherently mediated by the actions of the borrowing governments, especially when it is seen from the receiving end of socially and environmentally destructive projects. Borrowing government responsibility for project implementation has long provided

the Bank with a very convenient way of avoiding responsibility for "problem projects." Because the bargaining processes between national governments and the Bank are not public, it is difficult to ascertain in any given case whether Bank officials actually try to use their political capital in an effort to prevent or mitigate social and environmental damage. Their "it would have been worse without us" argument is undermined by the internal Bank histories of the Brazil's Amazon road and India's Narmada Dam projects. In both cases Bank project staff and managers were fully aware of the high social and environmental risks *before* deciding to extend the loans, but they failed to use their leverage to reduce those risks until crises erupted.<sup>38</sup>

Most NGO advocacy campaigners are fully aware that national governments share responsibility with the World Bank for problem projects, but they have targeted the Bank for three main reasons. First, the project may well not have proceeded at all without the Bank's official seal of approval, which provides legitimacy and leverages significant counter-part funding from other multilateral and bilateral sources. Second, the dynamics of the transnational advocacy process itself impels campaigns to focus on available pressure points—for example, in the case of U.S. environmental NGOs lobbying Congress to pressure the Bank.<sup>39</sup> Indeed, because the World Bank depends in part on donor government contributions, constituencies of those governments can claim that such transfers require the Bank to be accountable to them, as taxpayers. This raises important sovereignty issues because the corollary is that donor governments are asking the Bank to impose social and green conditionalities on borrowing governments (such as environmental assessments). Third, many of the borrowing governments themselves are less than democratic (which weakens the sovereignty counterargument). Although authoritarian borrowing governments are often the direct perpetrators of socially and environmentally costly projects, advocacy groups would argue that the World Bank—as "intellectual author"—has added responsibility in such cases precisely because citizens lack channels for holding their own states accountable.<sup>40</sup>

The prominent role of authoritarian regimes in the World Bank's portfolio is also crucial for grappling with the question of how well transnational NGO advocacy coalitions represent those most directly

affected by Bank projects. Because many of the most controversial Bank-funded projects are carried out by authoritarian regimes, it is difficult to expect the groups most affected to have access to public information about the project or the ability to organize freely to defend their interests. Indeed, projects with high social and environmental costs are often most likely to proceed where those most affected are denied basic rights.

Authoritarian political contexts also influence the potential civil society response in terms of the repertoires of resistance and coalition building available. Indeed, the classic early Bank project protests involved few voices from the directly affected. In the early campaigns against Brazil's Amazon roads and Indonesia's transmigration projects, for example, NGOs spoke out on behalf of those affected. Over time, grassroots organizations increased their direct representation within the transnational Bank campaigns, though their influence is still often uneven.<sup>41</sup> Even recently, in Nepal's Arun III case, the campaign was led by national NGOs, but local communities in the valley did not organize mass protests. The government had promised villagers that the project would bring prosperity, they lacked access to information about project risks and alternatives, and Nepal's nascent democratic process had yet to reach into the more remote rural areas. Project critics did begin organizing in the Arun Valley, but faced at least one death threat.<sup>42</sup> After the successful NGO campaign to block the project, Nepalese project critics felt a strong responsibility to the residents of the valley (who had been promised rapid "development") to continue to pressure for more sustainable development alternatives.<sup>43</sup>

The chapter authors in this volume are all concerned with drawing broader lessons from the diverse range of conflicts between the Bank, governments, NGOs, and grassroots groups over accountability, but they do not share a unified conceptual framework. Some analyze project and policy cases that have changed more than others, leading to different assessments of the degree of Bank reform. One of the most important general lessons for those interested in building on these cases to create a more comprehensive analytical framework is that the key "actors," such as the World Bank, civil society, or the state, are actually contested arenas. Notably, since beginning to institutionalize its environmental reforms, the Bank is internally divided over whether and how to promote

sustainable development. Borrowing governments are also often divided over whether and how to respond to sometimes contradictory Bank pressures as well as to grassroots and NGO concerns. Civil societies split over Bank-funded projects, with some influential stakeholders standing to gain economically. NGOs and local groups sometimes take different positions regarding controversial Bank-funded projects: some choose to work within the system, whereas others criticize from the outside. External critics can be split into those who push for mitigation or compensation measures and those who attempt to block a project entirely. In any controversial project, there is no reason to assume that either NGOs or grassroots groups are united. Representation, like accountability, is relational and a matter of degree.

### Research Questions and Methods

As stated earlier, this book focuses on two specific questions: first, to what degree did NGO/grassroots advocacy campaigns influence specific projects or policies at issue? Second, to what degree were directly affected grassroots communities represented in the MDB campaign process? Different chapters focus on each question to varying degrees.

The question of advocacy coalition impact on the World Bank actually subsumes two quite distinct issues: what was the degree of social and environmental policy change, and what relative weight did NGOs and grassroots movements have in driving such change? The answer to the first question is largely empirical; at the level of specific projects, development investments have winners and losers that are tangible enough to be measurable, at least in principle. Such assessments are still methodologically complicated by the persistent problem of distinguishing between where the Bank role ends and that of national governments begins. Even subnational governments can play critical roles in federal states—as in India, Brazil, and Mexico.

Assessing the specific role of external pressure and scrutiny poses even greater methodological problems. How does one take stock of the impact of transnational advocacy campaigns on an institution as large, opaque, and slow-moving as the World Bank? The first problem involves the question of the counterfactual. Without external scrutiny and protest,

would World Bank projects have been even *more* socially and environmentally costly? Would a *larger number* of them have been destructive? Second, where the Bank does appear to have responded to public pressure, how does one enter the black box of official decision making to disentangle the relative weights of the various different factors—internal and external, ideological and material—that come into play? Projects that seem to have been blocked because of protest could actually have collapsed because unrelated economic changes undermined their predicted rate of return or because of internal bureaucratic conflicts.

Third, there is the risk of conflating normative and analytical criteria for assessing change. Protest could well have significant damage control impact, but such changes could easily be undervalued if they are deemed to fall short of minimum demands. This undervaluation is common in cases of projects that are widely seen as illegitimate because compensatory or mitigating measures can facilitate project implementation. This particular issue is part of the broader problem of the counterfactual within social movement analysis. How does one know whether mitigating measures were the most that could have been won or were somehow accepted “instead of” hypothetically larger victories that could have been won had the movement not been divided by partial victories?

The fourth methodological dilemma confronting assessments of protest impact appears when there is no consistent relationship between the breadth or intensity of advocacy campaign mobilization and the institutional response. The diverse range of advocacy coalitions discussed in the cases recounted here include some where relatively little mobilization had a large impact on a project, as well as some where intense mobilization had little direct impact on the project. Most often, their main impact has been *indirect*, on broader Bank policies designed to prevent such problem projects in the future. This finding is the main reason why analyses of Bank policies as well as project cases have been included here. A focus on project campaigns alone would miss one of their main outcomes—policy reform; yet a focus on general policies alone would in turn miss the highly contested processes that determine their degree of implementation—the projects themselves.

Bank and NGO leaders have tended to differ sharply over the volume's second broad concern—the accountability of advocacy coalitions them-

selves. Many World Bank operational staff assume that advocacy groups usually do not represent the ostensible project beneficiaries. Campaigners often assume the opposite—that advocacy groups necessarily represent those on the ground.<sup>44</sup> It is much safer to start from a different assumption: given the sharp differences in power, culture, and goals between grassroots groups, national NGOs, and international NGOs, there will *necessarily* be tensions around the process of representation, and their resolution will be a matter of degree.

Public interest advocacy strategies in North and South often differ greatly, as do elite and grassroots styles within any one society, especially because national societies themselves are highly diverse.<sup>45</sup> For example, some U.S.-based groups are accustomed to confrontational approaches, whereas NGOs in countries that lack consolidated democratic regimes may prefer subtler ways of creating political space in which to be heard (as in Indonesia, for example). In India, however, “struggle-oriented” groups have found their Washington-based counterparts to be much more moderate. This diversity poses a challenge for efforts to explain why some transnational advocacy campaigns come closer to the widely discussed ideal of building a transnational civil society than others do. This volume's chapters address, to varying degrees, how transnational advocacy campaign strategies shape relations among alliance partners, how the distribution of power among them waxes and wanes in the course of a campaign, and how that process relates to the campaign's broader impact.<sup>46</sup>

It is useful to recall that the subject of *transnational civil society* has generated a great deal of discussion, but not much of it, so far, is presented in terms of detailed case studies. Although growing, scholarly analysis of these new emerging nongovernmental actors is still largely based on limited secondary sources. In order to help to fill this empirical gap, the volume editors invited the participation of a diverse range of campaign strategists and engaged scholars, all distinguished by their longstanding direct experience as “relays” who bridge the local, national, and transnational advocacy arenas.<sup>47</sup>

This volume was designed to generate hypotheses. The goal was to ask similar questions of cases that were sufficiently diverse and representative of Bank-civil society conflict as to suggest both general patterns and

explanations. The first challenge was to fill an empirical gap; all the case studies are based on primary research and firsthand experience, and most document their campaigns for the first time. Case analysts were also asked to explain the key turning points in terms of both campaign impact and decision making. Though these participants were encouraged to address similar variables, the general approach to the collection as a whole was inductive rather than deductive. The two concluding chapters synthesize the cases' general patterns and causal propositions, which now lend themselves to more systematic hypothesis testing in future research.

The campaigns under study were limited to the World Bank itself, rather than its associated agencies (the International Finance Corporation [IFC], Multilateral Investment Guarantee Agency [MIGA], or the Global Environmental Facility [GEF]) or regional multilateral development banks.<sup>48</sup> In retrospect, given the IFC and MIGA's rapidly growing importance, the decision to exclude them was problematic. Several criteria informed case selection. First, project and policy cases were chosen from among second generation World Bank conflicts of the late 1980s and early 1990s, rather than the paradigm cases of the early and mid-1980s that launched the MDB campaign(s), because more recent conflicts could offer more evidence of change both within the Bank and among NGO/grassroots coalitions. Second, each campaign chosen had to involve relatively sustained North-South collaboration over time. Third, campaigns were selected from geographic regions and sectors that broadly represented the set of civil society-World Bank environmental conflicts (mainly large infrastructure projects in Asia and Latin America). Fourth, each project campaign case involved *conflict over whether to implement already established World Bank social and environmental reform policies* (including the environmental assessment, indigenous peoples, and involuntary resettlement policies). This last factor is perhaps most important for understanding the broader pattern that emerges from this volume as a whole, a pattern in which sustained external pressure turns out to be necessary to encourage compliance with Bank policies.<sup>49</sup>

The study's original focus on projects was based on the premise that the most revealing indicator of institutional change is where the money really goes. The early findings suggested, however, that this focus on the World Bank's actions would be strengthened by a complementary anal-

ysis of the policies that ostensibly shape resource allocation—even if they were not implemented consistently in practice. As it happened, however, the analysis of policy change came around full circle because the impact of new policies depended on the degree to which they in turn actually influenced projects.

### Organization of the Book

To frame this book's specific campaign cases, the first thematic section provides background on diverse NGO coalitions. *Nongovernmental organizations* are defined here as nonprofit civil society organizations that do grassroots support and advocacy work.<sup>50</sup> They are intermediary organizations, in contrast to membership groups with relatively defined social constituencies. They therefore do not directly represent the grassroots constituencies they attempt to serve.<sup>51</sup> Unlike private firms, they are not directly accountable to market forces, though they are subject to the ebbs and flows of the more intangible and opaque market for private foundation, religious, and public sector funding. NGOs also make important contributions as bridging organizations, catalyzing collaboration across public and private boundaries or between elite and grassroots actors.<sup>52</sup> Because NGOs' credibility and legitimacy depends heavily on their capacity to provide technical, organizational, and political services to underrepresented groups, they are highly vulnerable to charges that their practice falls short of their discourse. As a result, although they usually lack formal institutional accountability mechanisms, their dependence on maintaining at least the appearance of consistency between theory and practice creates informal, inconsistent, but often powerful accountability pressures.<sup>53</sup>

As with large bureaucracies, accountability within grassroots organizations is most usefully understood as a matter of degree. In contrast to bureaucracies, however, the accountability relations within such organizations are supposed to flow from the bottom up rather than from the top down. The tendency for leaders to hold on to power—the "Iron Law of Oligarchy"—is a powerful force that undermines leadership accountability within large membership organizations. In practice, however, the balance of power between leadership and rank-and-file often ebbs and

flows over time. There is no basis for assuming that grassroots organizations necessarily represent their members, but most leaders do depend on their claim of representation to sustain their organizational power over time. Even leaders who become brokers are pressured to represent at least some of their members, to some degree, some of the time. In spite of the importance of internal power relations for understanding the struggle for accountability, this volume does not attempt to disentangle these relations *within* NGOs or grassroots movements. The task of exploring power relations *between* them proved more than sufficiently challenging.<sup>54</sup>

### Part I: Mapping NGOs

It is in this context that the volume's first two chapters analyze different kinds of NGO/grassroots advocacy coalitions. David Wirth's chapter examines the history of U.S. environmental NGO efforts to reform the World Bank. With its combination of legislative lobbying, media campaigns, legal challenge, and grassroots protest, the domestic environmental reform movement of the 1970s created the institutional levers and political culture from which the MDB campaign first emerged in the United States. The kinds of procedural innovations proposed for the World Bank echoed previous domestic U.S. reforms, including greater public access to information, the right to public hearings and consultation in the context of environmental impact assessments, as well as the eventual creation of an appeals channel. Following the environmental legislative legacy of 1970s, Wirth also shows how the U.S. legislative process provided some of the key NGO leverage over the World Bank. This legal-lobbying culture left its imprint on NGO coalition dynamics as environmental groups in the United States and in developing countries created what he calls "*partnership advocacy*."

In the third chapter, Jane Covey places the NGO strategies described by Wirth within a broader international context. Not all NGOs that deal with the World Bank follow the partnership advocacy approach. Some seek what is officially called *operational collaboration* to participate as partners in project implementation. Collaborative NGO influence over the *design* or evaluation of World Bank projects is much rarer, though reportedly growing.<sup>55</sup> This collaborative process involves an increasingly

dense network of NGO ties, including international and grassroots-oriented NGOs that are more politically moderate than those involved in more public and sometimes more confrontational partnership advocacy.

Political differences among NGOs cannot be attributed solely to North-South differences because many civil societies include both moderate and radical approaches to the World Bank. Covey's chapter shows how NGO and grassroots approaches to the World Bank range from confrontational protest to operational collaboration, but an ambiguous new gray area of "*critical cooperation*" is emerging in between the two extremes. She examines the history of the World Bank-NGO Working Group—the oldest formal NGO liaison group—to assess the nature and impact of critical cooperation in policy dialogue, as well as efforts to use operational cooperation as an approach to making Bank practice more accountable to grassroots groups. The limited results from NGO efforts to use the official channels available help to explain why some advocacy groups turned to more confrontational approaches by the end of the 1980s.

### Part II: Project Campaigns

The second part includes four case studies of conflictive projects that provoked the emergence of sustained transnational advocacy coalitions. Each chapter traces the campaign history and attempts to assess both its impact and internal dynamics, presented in rough chronological order. Chapter 4, by Augustinus Rumansara, focuses on resistance to displacement by Indonesia's Kedung Ombo Dam in the late 1980s. The dam was designed for irrigation, urban water, and hydro power. Rather than questioning the dam *per se*, the villagers and NGOs fought to be able to resettle near their original homes and for better terms of compensation for those evicted. From the point of view of this volume's broader concern with the relationship between policy and practice, Kedung Ombo was a clear case where coordinated international and local protest was necessary to highlight prolonged noncompliance with an official Bank reform policy. Indeed, the Bank's own project completion report recognizes both that the project involved especially blatant violations of its official resettlement policy and that advocacy groups played a positive role in drawing attention to resettlement problems.<sup>56</sup>



The critique of the World Bank's funding for Indonesia's transmigration project was well known internationally because the project necessitated the organized, "voluntary" relocation of landless farmers from densely populated central islands to rainforests occupied by ethnic minority tribal groups.<sup>57</sup> Indeed, the transmigration project was such a high priority for the Indonesian regime that limited political space kept most local resistance to a minimum, with the eventual exception of some of the displaced indigenous groups. Rumansara chose to analyze the Kedung Ombo case, however, because it was the first Bank-funded project in Indonesia to provoke sustained grassroots mobilization.<sup>58</sup> The Kedung Ombo Dam project was linked to transmigration, however, because thousands of families that were to be displaced were originally supposed to be "transmigrated" to the outer islands. In practice, few wanted to move, but the government built the dam, closed its gates, and the waters began to rise before many villagers were able to find alternative settlements. In the end, most found ways of remaining in the area, whereas others continued to utilize legal strategies to gain better compensation. The economic conditions for most worsened, but at least they managed to avoid forced transmigration. In addition to showing the difficulty of achieving even partial damage control late in a project cycle, the case also highlights the complex problems involved in building balanced bridges between actors within international campaigns, especially under authoritarian conditions. Kedung Ombo involved delicate and sometimes tense relations not only between Northern and Southern NGOs, but also between national NGOs, local NGOs, and local communities pursuing diverse political and survival strategies.

The fifth chapter, by Antoinette Royo, focuses on one of the first cases in which a combination of grassroots pressure and national and international lobbying empowered World Bank reformists to veto funding for a project embedded *within* an already approved World Bank loan. In the late 1980s the Philippine government asked the Bank to allocate funds from an already approved energy sector loan to build the Mt. Apo geothermal plant. This was an early test case of the Bank's environmental assessment policy, which requires it to investigate and then either eliminate, redesign, or mitigate high-impact projects. As with many of the more balanced transnational coalitions, international environmental and

indigenous rights activists worked directly with both national NGOs and local indigenous leaders to defend ancestral lands. The coalition faced the challenge of balancing both environmental and indigenous rights concerns because the former were easier for the project to mitigate than the latter. Although the coalition effectively vetoed international funding for the project, the Philippine government continued to invest in the drill site.

The Mt. Apo campaign set at least two important precedents. First, environmental and social impact standards were upheld at the level of a "subproject" *within* an already approved sector loan—a point in the project cycle where Bank reformists often have little leverage. Second, social concerns became effectively joined to environmental issues because ancestral land claims were recognized as legitimate grounds for denying project funding.

The sixth chapter, by Margaret Keck, analyzes one of the few World Bank projects designed to rectify mistakes made in a prior project failure in the same area. Brazil's Planaflo project was supposed to be "done right" from the beginning in terms of Bank policies regarding environmental impact assessment, mitigation measures, public consultations, and indigenous rights. Its predecessor project in the early 1980s, Polonoeste, funded the Amazon road that had become the first paradigm case for Bank critics. After criticism in the U.S. Congress had led the Bank for the first time to suspend loan disbursements for environmental reasons, the Bank began planning the follow-up project that would try to do a better job. This project became known as the Rondônia Natural Resources Management Project, or Planaflo. It included influential input and criticism from local and international NGOs, and was supposed to encourage more sustainable agro-ecological development and to demarcate indigenous and rubber-tapper lands.

Two years into Planaflo's implementation, it turned out to reproduce many of the problems associated with the original road-building project, so local NGOs filed an official complaint with the Bank's new Inspection Panel. In contrast to other Bank campaigns, however, the goal of the Rondônia NGO Forum was not to block the project, but to get it back on track and to deliver the sustainable development benefits it promised. Not only did the project turn into an important test of the

environmental assessment policy and the bank's capacity to do "green" projects right, but it was also the second major case brought before the Bank's new appeals channel. Although the Bank's board of directors decided that it did not want to offend such a large borrowing government by officially approving an Inspection Panel inquiry, the process of public scrutiny reportedly improved project implementation on the ground, at least in the short term.<sup>59</sup>

Kay Treakle's chapter documents a grassroots-NGO campaign that linked sector-specific policy reforms to broader macroeconomic conditionalities. In contrast to most NGO lobbying against macroeconomic structural adjustment conditionalities, this effort was rooted in a broad, nationwide mass protest movement. Ecuador's national indigenous movements mobilized against pro-business land tenure and oil "reforms" that turned out to be secretly linked to broader macroeconomic structural adjustment policies. Indigenous rights as well as developmental and environmental concerns were fully joined, drawing from past North-South coalition work against private sector oil pollution in the Ecuadorian Amazon. Unlike the other cases, this study analyzes bargaining with a regional multilateral development bank as well as the World Bank because the same civil society network saw the two targets as linked and so coordinated the two campaigns. In the process, leaders of mass indigenous organizations peoples' managed to win greater recognition from both multilateral development banks than they had from their own government. Beginning with the Ecuadorian indigenous movement's second national civic strike in 1994, their triangular negotiations were eventually able to win a place at the bargaining table. The World Bank even negotiated the design of a new development loan directly with indigenous leaders. The Ecuadorian experience offered a test of the commitment of the Bank's indigenous peoples' policy to "informed participation" in projects, as broad-based grassroots groups began to "follow the money" and to become legitimate participants in national economic policy decisions.

### Part III: Policy Campaigns

Part III steps back from specific projects and highlights the politics of five bankwide policies regarding indigenous peoples, involuntary resettlement,

water resources, and its twin pro-accountability procedural reforms—the information disclosure policy and the creation of the Inspection Panel. Analysis of social and environmental reform policies is crucial for understanding the broader struggle for accountability for two reasons. First, they were created as an ostensible accountability response to external criticism in order to prevent future problem projects. Reform policies are therefore one of the main ways in which project campaigns have impact on the institution. Second, once a reform policy is created, the consistency of its implementation depends in turn on sustained external monitoring and advocacy. Each policy case documents the varying degrees to which external pressure accounts for both policy formulation and, to some degree, implementation.

The need to uphold indigenous peoples' rights brought together the environmental and human rights critiques of the World Bank. Indigenous rights advocates brought moral authority to the table, and environmentalists added their broad base, media access, and legislative clout in donor countries. The Bank's indigenous peoples policy dates back to 1982, two years after the first social/environmental policy directive, and was a direct response to several high-profile conflicts around the world in the late 1970s and early 1980s. Andrew Gray's chapter explores the causes and the consequences of the Bank's indigenous peoples policy, focusing on the different approaches and relationships both among involved NGOs and between the NGOs and the World Bank. The chapter shows how successive campaigns have broadened and deepened significantly since the early 1980s, as well as the pattern of nonimplementation of official Bank policy requiring informed participation of affected indigenous groups.<sup>60</sup>

*Involuntary resettlement* is another controversial issue area where the Bank has had a longstanding reform policy on the books. The policy was first formulated in 1980, also in response to a series of high-profile conflictive projects. The Bank led other international development agencies in its development of an official policy on involuntary resettlement, which commits borrowing governments to restore lost homes and livelihoods, but its actual practice of the policy has lagged far behind. In contrast to the Bank's usual denial of its noncompliance with other reform policies, its own resettlement specialists have documented how operational staff

and governments systematically ignored the policy's key provisions. Between 1986 and 1993, 15 percent of total lending went to projects that would eventually displace at least two and a half million people by the official count.<sup>61</sup>

In chapter 9, Jonathan Fox explains how, by 1992, external political pressures empowered an internal World Bank team committed to improving Bank compliance with its resettlement policy. International environmental and human rights campaigns, united against forced dam evictions, gained sufficient political momentum to lead top Bank officials to commission an internal review of resettlement policy. This task force managed to gain both autonomy from the operational staff and authority from management, producing a remarkably frank assessment of the lack of consistency between policy and practice. The review process itself contributed to greater policy compliance, at least at the policy design phase. The unprecedented public release of the review, which recognized institutional problems and responsibility, became a first step toward the construction of accountability. In contrast to most of the studies in this volume, this chapter focuses on "unpacking" the Bank to assess the interaction between external pressure and the internal conflict among reformists and the old guard at the Bank.

The tenth chapter analyzes the unprecedented experiment in NGO-World Bank policy dialogue over the revision of the water policy. This policy issue cuts across many different Bank sectors, ranging from hydrodams and irrigation to the Bank's "brown" portfolio of sewage and potable water projects. The sustained dialogue between the World Bank and a transnational advocacy coalition offers a nuanced example of the limits and possibilities for the kind of critical cooperation Covey describes in chapter 3. Deborah Moore and Leonard Sklar detail the exchanges of views, the varying degrees of North-South participation, and the diversity of approaches among NGOs and within the Bank. By the end of the dialogue process, fault lines shifted, with Bank engineers finding that they often had more in common with NGO experts than with Bank economists because of their shared practical experience with the resource. The policy that emerged shows a small but significant degree of NGO impact, and the chapter concludes with an assessment of the uneven degree to which the policy influenced actual lending patterns during its first two years of implementation.

Lori Udall's chapter, the last one in the policy reform section, examines procedural rather than sectoral reforms. In 1994, the World Bank instituted two interlocking accountability reforms: increased public access to information about Bank projects and the creation of an ombudsman's office to investigate claims made by project-affected people of the violation of Bank policies. More than most, these two procedural reforms were the direct result of negotiations between high-level Bank officials and reform advocates in the U.S. Congress, with IDA contributions hanging in the balance.

Although the U.S. environmental NGO/government/World Bank bargaining process was the proximate cause of the twin accountability reforms, the underlying driving force was the Narmada Action Committee's combination of broad local base and transnational civil society alliances. Some NGOs may see the official scope of these two changes as limited, but in practice it appears that even relatively small changes in the Bank's decision-making processes can have significant and open-ended consequences. The twin information and inspection reforms are especially important because they potentially reinforce all the *other* social and environmental policy reforms by increasing the political costs associated with their violation. The information policy, if fully implemented, facilitates civil society input into project design for the first time—precisely the phase in the project cycle when potential external influence is at its maximum. Violations of the information policy provide grounds for an official inspection, as in the Arun Dam case. By permitting increased external scrutiny, these two reforms indirectly change the Bank's internal incentive structure, which has long been dominated by the pressure to lend at the expense of respect for the reform policies. Udall's chapter explains the roots and initial implementation of both policies. Their origins flow directly from the unprecedented international leverage gained by the Narmada Dam protest movement, whereas the Arun Dam campaign was a key test of their first-round implementation.

#### Part IV: Broad Patterns and Concluding Propositions

The final part returns to our two overarching research questions and outlines the broader patterns that emerge from the project and policy cases. Chapter 12 examines mutual influence and accountability among

diverse NGO/grassroots coalition partners. It frames the comparison of different transnational coalitions in terms of the broader issue of inter-organizational relations and then examines the evolution of mutual influence and accountability within alliances in project and policy campaigns. The conclusion identifies factors associated with intracoalition accountability and considers the implications of these alliances for the development of social capital, social learning, and transnational civil society. Transnational trust and cross-cultural relays turn out to be especially important in a context where great distances and power imbalances make the mutual supervision associated with accountability difficult. The cases suggest broader general patterns of both progress and limits in the efforts to build mutually accountable transnational civil society partnerships. Project campaigns, with their immediate threats and tangible goals, turn out to involve much more direct grassroots participation and control over the agenda than policy advocacy efforts, which bring NGOs closer to the terrain of the Bank itself and into the world of future rather than current Bank action.

These conclusions do not find that Northern-Southern advocacy coalitions are becoming robust transnational social movements. Most are politically contingent, tactical coalitions, not long-term strategic alliances. Many of these relationships are limited to fragile fax-and-cyberspace skeletons, and the strong ones are often based more on key cross-cultural individuals than on dense institutional bonds. Internet access in the civil societies of developing countries remains largely limited to elites, and connected NGOs may or may not be organically linked to social movements. The hegemony of the English language within both the Bank and international NGO networks also reinforces distance with the grassroots. The broadest-based protest movements remain those based on local, previously existing capillary social networks—many of which lack telephones, not to mention computers. As Sidney Tarrow points out, most of what are often presented as transnational social movements

are actually not cases of single movements with national branches, but of political *exchange* between allied actors whose contacts have been facilitated by global economic integration and communication. These are not, strictly speaking, transnational movements, but contingent political alliances linking pre-existing domestic communities with actors from other countries.... [Rather] these networks are linked to one another through transnational "relays."<sup>62</sup>

Many of our cases examine the empirical texture behind these broad processes and focus on how the transnational "relays" manage to link and balance very different coalition partners.

The last chapter takes stock of the impact of transnational advocacy coalitions on the World Bank, highlighting three analytical dilemmas. First, analysts will differ in terms of the criteria for assessing whether change has occurred. The second challenge is to determine the relative weight of a particular set of external pressures from public interest advocacy groups as distinct from other factors. The third dilemma is how to assess the ambiguous relationship between the World Bank's official policies and its actual lending practices. Cutting across all of these is the problem of the counterfactual: how would the sustainable development impact of Bank activity have been different in the absence of criticism and scrutiny?

Against this backdrop, the conclusion assesses the question of impact in terms of three dimensions. First, it addresses the question of how one assesses whether change has occurred by asking how the relative weights of different kinds of lending have changed over time. This conceptual exercise divides resources not by sectors, but in terms of whether their sustainable development impact is on balance "good, bad, or ugly." Second, the chapter turns to the empirical question of placing the project cases analyzed thus far in the context of the broader set of World Bank-funded projects that appear to have been tangibly influenced by public debate and protest. This review synthesizes the available evidence of NGO/grassroots impact and explores the nature of protest impact, which includes the blocking of projects, mitigating their effects, and contributing to momentum for subsequent policy reform. Because policy reform is one of the most important kinds of impact, the study then reviews the available record of Bank compliance with its own policies, drawing from both official and NGO sources, mainly in the "grey" literature of unpublished documents. In addition to the resettlement, indigenous peoples, and water policies covered in previous chapters, this discussion also reviews policies regarding energy, forestry, gender, agricultural pest management, and environmental assessments. These "portfolio reviews" turn out to be of very uneven quality because few are based on independent, field-based assessments. Some find areas of progress, but even though most of the

evidence is limited to official sources, overall Bank compliance with its sustainable-development reforms has been limited and uneven.

The chapter then reflects on the process of institutional change at the World Bank, analyzing the internal trip wires that are supposed to prevent problems before they start, insider-outsider backchannels that can strengthen reform forces, and in-house watchdogs that attempt to institutionalize some degree of accountability. The study finds that damage control is a much more common outcome than positive sustainable development outcomes. Indeed, the factors that contribute to blocking or mitigating costly projects may well be different from the forces that can drive what one might optimistically call "pro-sustainable development lending." One could argue that as the World Bank allocates increased funding in the name of sustainable development, *the center of gravity of civil society's struggle for accountable development funding has shifted closer to the ground*, to the grassroots groups, national advocacy NGOs, and reformist government policymakers who are trying to make sure that these projects actually work as intended.

For future research, the final discussion presents a hypothesis about the conditions under which actual implementation of sustainable development projects and policies might be possible. The outcome depends on the contested balance of forces within each of the three key arenas where resource allocation decisions are made. First, project design and supervision must be under the control of pro-reform forces within the Bank itself. Second, projects must be designed to reach pro-sustainable development actors, whether they be in government or civil society. Third, the project must involve a sector or region where civil society actors are well organized and broadly representative of project-affected people. The proposition is that success will be rare because all three actors must be empowered within their respective arenas; otherwise, a missing link leaves the funding flow politically vulnerable to diversion by anti-sustainable development actors.

In response to the multiple processes of globalization, some analysts see the emergence of transnational civil society, a vision in which democratic actors are building bridges toward more equitable and sustainable futures. Others point out that this transnational civil society is still very thin on the ground. Some would go further and suggest that tactical

transnational NGO coalitions do not always produce the kind of balanced, long-term partnerships that would really merit being called transnational civil society. The idealistic discourse of intellectuals and NGO leaders sometimes runs ahead of real-life, alternative institution building on the ground. But if transnational civil society ever did start to emerge, what would it look like? It would begin with building blocks like some of the networks under study here: coalitions that specialize in linking diverse social actors who have deep roots in their national societies with communities of potential partners around the world.

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#### Notes

1. For the most comprehensive early statements of transnational advocacy campaign strategy, see Bruce Rich, "The Multilateral Development Banks, Environmental Policy and the United States," *Ecology Law Quarterly* 12, no. 4 (1985), and Stephan Schwartzman, *Bankrolling Disasters: International Development Banks and the Global Environment* (San Francisco: Sierra Club Books, 1986).
2. For a comprehensive study of the early years of environmental reform at the World Bank, see Philippe Le Prestre, *The World Bank and the Environmental Challenge* (Selinsgrove: Susquehanna University, 1989). See also his "Environmental Learning at the World Bank," in Robert V. Bartlett, Priya Kurian, and Madhu Malik, eds., *International Organizations and Environmental Policy* (Westport, Conn.: Greenwood, 1995). For a very well informed and insightful recent overview, see Robert Wade, "Greening the Bank: The Struggle over the Environment, 1970-1995," in Devesh Kapur, John P. Lewis, and Richard Webb, eds., *The World Bank: Its First Half-Century* (Washington, Brookings Institution, 1997).
3. See, for example, John Thibodeau, "The World Bank's Persisting Failure to Reform," (Toronto: Probe International, May 1995). A wave of critical publications appeared with the recent fiftieth anniversary of the Bretton Woods institutions. See, among other, Catherine Caufield, *Masters of Illusion: The World Bank and the Poverty of Nations* (New York: Henry Holt, 1996); John Cav- anagh, Daphne Wysham, and Marcos Arruda, eds., *Beyond Bretton Woods:*

*Alternatives to the Global Economic Order* (London: Pluto, 1994); Kevin Danaher, ed., *Fifty Years is Enough* (Boston: South End Press, 1994); Susan George and Fabrizio Sabelli, *Faith and Credit: The World Bank's Secular Empire* (Boulder, Colo.: Westview, 1994); Paul Nelson, *The World Bank and Non-Governmental Organizations: The Limits of Apolitical Development* (New York: St. Martin's Press, 1995); and Bruce Rich, *Mortgaging the Earth* (Boston: Beacon, 1994). See also the regular coverage in the journals *Bankcheck Quarterly*, *The Ecologist*, *Lokayan*, *News and Notices*, and *World Rivers Review*. From the political establishment, see John Lewis et al., *The World Bank: Its First Half-Century*, 2 vols. (Washington: Brookings Institution, 1997); Henry Owen, "The World Bank: Is 50 Years Enough?" *Foreign Affairs* 73, no. 5 (1994); George Cabot Lodge, "The World Bank: Mission Uncertain," *Harvard Business School Case* N9-792-100 (1992); and the comprehensive *Bretton Woods: Looking to the Future* (Washington, D.C.: Bretton Woods Commission, July 1994). The most comprehensive conservative critique is Doug Bandow and Ian Vásquez, eds., *Perpetuating Poverty* (Washington: Cato Institute, 1994). Classic studies also include Walden Bello, David Kinsley, and Elaine Elinson, *Development Debacles: The World Bank in the Philippines* (San Francisco: Institute for Food and Development Policy, 1982); Robin Broad, *Unequal Alliance: The World Bank, the IMF, and the Philippines* (Berkeley: University of California Press, 1988); Teresa Hayter and Catherine Watson, *Aid: Rhetoric and Reality* (London: Pluto, 1985); Raymond Mikesell and Lawrence Williams, *International Banks and the Environment* (San Francisco: Sierra Club, 1992); Cheryl Fayer, *The World Bank: A Critical Analysis* (New York: Monthly Review, 1982); and Graham Searle, *Major World Bank Projects* (Cornwall: Wadebridge Ecological Centre, 1987), among others.

4. These campaigns are often led by "transnational advocacy networks" of actors "working internationally on an issue, who are bound together by shared values, a common discourse and dense exchanges of information and services" as defined in Margaret Keck and Kathryn Sikkink's path-breaking analysis, *Activists Beyond Borders: Transnational Advocacy Networks in International Politics* (Ithaca: Cornell University, 1998), p. 2. Because not all World Bank campaigns are characterized by such unity and density, this study often uses the term "coalition" to underscore the diversity of civil society participants and the contingency of their joint campaigns. On national and subnational advocacy coalitions in the United States, see Paul Sabatier and Hank Jenkins-Smith, eds., *Policy Change and Learning: An Advocacy Coalition Approach* (Boulder, Colo.: Westview, 1993). In contrast to the vast literature on the Bank, relatively little published research has focused on the advocacy campaigns themselves. See Marcos Arruda, "Building Strategies on the International Financial Institutions," unpublished (Rio de Janeiro: IAP, 1995); Lisa Jordan and Peter van Tuijl, "Democratizing Global Power Relations," unpublished (The Hague: INGL, July 1993); Paul Nelson, "Internationalising Economic and Environmental Policy: Transnational NGO Networks and the World Bank's Expanding Influence,"

*Millennium* 25, no. 3 (1996); David Wirth, *Environmental Reform of the Multi-Development Banks* (Flint, Mich.: Charles Stewart Mott Foundation, April 1992). For a critical discussion, see Seamus Cleary, "In Whose Interest? NGO Advocacy Campaigns and the Poorest: An Exploration of Two Indonesian Examples," *International Relations* 12, no. 5 (August 1995).

5. The World Bank claims that poverty reduction and environmental sustainability are top priorities, in contrast to the International Monetary Fund's (IMF) more narrow focus on pro-business macroeconomic stabilization. Although the two institutions are often seen as very similar, the Bank's different goals and standards have created opportunities for civil society leverage, whereas the IMF has remained largely immune to public criticism.

6. Some critics contend that even full implementation of the World Bank's reform promises would not fundamentally change its development model, whose core assumptions are widely questioned in developing countries. Nevertheless, reform implementation would limit the World Bank's impunity and could significantly mitigate the social and environmental damage incurred. For an analogy, the U.S. government's interventionist impulse did not change qualitatively after losing the Vietnam War and conflicts in Laos and Cambodia, but its freedom to use unbounded military force against civilian populations has never been the same.

7. See chapters by Udall and Fox/Brown, this volume and "Interview with David Hunter," *Bankcheck Quarterly* (May 1996). The World Bank is in the process of converting its policies into a hierarchy, ranging from ostensibly obligatory Operational Policies (Ops) to Bank Procedures (Bps) and Good Practices (Gps), once known as "Best Practices". Most deal with economic, financial, and administrative issues, but the main social and environmental policies include involuntary resettlement, indigenous peoples, environmental assessment, water resources, pesticide management, cultural property, poverty reduction, gender, forestry, energy efficiency, and conservation. See *World Bank Operational Manual*, (Washington, D.C.: World Bank, September, 1995). Many critics are concerned that this process will weaken reform standards.

8. See chapters 9 and 13, this volume. For one of the few studies that stresses the mutually reinforcing interaction between insider and external advocacy strategies, see Nuket Kardam, "Development Approaches and the Role of Policy Advocacy: The Case of the World Bank," *World Development* 21, 11 (1993). See also Deborah Brautigam's "The World Bank, Policy Change and Political Restructuring in Developing Countries," paper presented at the American Political Science Association Meeting, New York, September 1994, which highlights the influence of international social policy experts inside and outside the institution; and Eva Thorne's "The Politics of Policy Compliance: The World Bank and the Social Dimensions of Development," Ph.D. diss., MIT Political Science Dept., 1998. For a conceptual discussion of an "interactive" approach to state-society relations, see Jonathan Fox, *The Politics of Food in Mexico: State Power and Social Mobilization* (Ithaca, N.Y.: Cornell University Press, 1992).

9. From World Bank, *Implementing the World Bank's Gender Policies*, progress report no. 1 (Washington, D.C.: World Bank, March 1996), p. 5. Among the vast literature on structural adjustment, in addition to the references in note 4 and the bank's own publications and the literature on the IMF, see Samir Amin, "Fifty Years Is Enough," *Monthly Review*, 46, no. 11 (April 1995); Development Gap, *Structural Adjustment and the Spreading Crisis in Latin America* (Washington, D.C.: Development Gap, 1995); John Mihevc, *The Market Tells Them So: The World Bank and Economic Fundamentalism in Africa* (London and Penang: Zed, Third World Network, 1995); David Moore and Gerald Schmitz, eds., *Debating Development Discourse: Institutional and Popular Perspectives* (London: Macmillan, 1995); Paul Mosley, Turan Subasat, and John Weeks, "Assessing Adjustment in Africa," *World Development* 23, no. 9 (1995); David Reed, ed., *Structural Adjustment and the Environment* (London: Earthscan, 1992); David Reed, ed., *Structural Adjustment, the Environment and Sustainable Development* (London: Earthscan, WWF, 1996); Pamela Starr, ed., *Mortgaging Women's Lives: Feminist Critiques of Structural Adjustment* (London: Zed, 1994); Witness for Peace, *A High Price to Pay: Structural Adjustment and Women in Nicaragua* (Washington: Witness for Peace, 1996). To begin to address the fundamental differences in perception of the social impact of SAPs, in 1996 the Bank's president Wolfensohn agreed to launch a joint research project between the Bank and some of the most critical advocacy NGOs in both North and South to assess how to improve the social impact of adjustment in the future. In the process, he accepted for the first time the principle that macroeconomic adjustment measures should be designed through a process of open debate with civil society. See web site [www.dgap.saprin](http://www.dgap.saprin) for more information.

10. The roots of the strength of the World Bank's internal neoclassical economic consensus remain debated. Some emphasize hegemony of Anglo-American-trained economists, some stress institutional interests, and others see the Bank as a direct instrument of the United States and other industrial country governments. Yet even radical international political economists differ in their assessment of the balance of power between the international financial institutions and the United States. For example, whereas Samir Amin asserts that "the policies instituted by the international institutions in obedience to strategies adopted by the G7 [rich countries] are the cause of the brutal and massive impoverishment of popular majorities" ("Fifty Years is Enough," p. 10), Cheryl Payer argues in the same journal that "The Fund and the Bank coopted the Reagan conservatives (who in 1981 were making serious noises about defunding the multilateral agencies) into signing on to their already established enterprise, not vice versa" (in her "Bureaucrats and Autocrats," *Monthly Review* 46, no. 11 [April 1995], pp. 52-3).

11. See Keek's chapter in this volume, as well as Pat Aufderheide and Bruce Rich, "Debauch in the Amazon," *Defenders* (March-April 1985); David Price, *Before the Bulldozer: The Nambiquara Indians and the World Bank* (Cabin John, MD: Seven Locks Press, 1989); Rich, *Mortgaging the Earth*; Operations Evaluation Department, World Bank, *World Bank Approaches to the Environment in Brazil: A Review of Selected Projects*, report no. 10039 (Washington, D.C.: World Bank,

April 1992); Ans Lolk, *Forests in International Environmental Politics: International Organisations, NGOs and the Brazilian Amazon* (Utrecht, Nethé International, 1996); and Maria Guadalupe Rodrigues, "Environmental Protection Issue Networks and the Prospects for Sustainable Development," Ph.D. diss., Boston University Political Science Department, 1996.

12. See Wade, "Greening the Bank." For overviews of the U.S. side of the Bank reform campaigns, see Ian Bowles and Cyril Kormos, "Environmental Reform at the World Bank: The Role of the U.S. Congress," *Virginia Journal of International Law* 35, no. 4 (summer 1995); Barbara Bramble and Gareth Porter, "NGO Influence on United States Environmental Politics Abroad," in Andrew Hurrell and Benedict Kingsbury, eds., *The International Politics of the Environment* (New York: Oxford University Press, 1992); Mikesell and Williams, *International Banks*; Rich, "Multilateral Banks" and *Mortgaging the Earth*; Jonathan Sanford, "U.S. Policy Towards the MDBs: The Role of Congress," *George Washington Journal of International Law and Economics* 1 (1988); David Wirth, "Legitimacy, Accountability, and Partnership: A Model for Advocacy on Third World Environmental Issues," *The Yale Law Journal* 100, no. 8 (June 1991); his *Environmental Reform*, and his chapter in this volume. For the most detailed, year-by-year account of the role of the U.S. Congress, see Ian Bowles and C. F. Kormos, "Environmental Reform at the World Bank: The Role of the U.S. Congress," unpublished ms. (Washington, D.C.: Conservation International, 1995). For a congressional assessment of the bank's compliance with its mandate, see *Multilateral Development: Status of World Bank Reforms* (Washington, D.C.: General Accounting Office, GAO/NSIAD-94-190BR, June 1994). The environment is of course only one of many issues on agenda of U.S.-World Bank relations. For overviews, see Bartram Brown, *The United States and the Politicization of the World Bank* (London: Kegan Paul, 1992); Catherine Gwin, *U.S. Relations with the World Bank, 1945-1992* (Washington, D.C.: Brookings Institution, 1994); and Lars Schoultz, "Politics, Economics and U.S. Participation in Multilateral Development Banks," *International Organization* 36, no. 3 (summer 1982); and Bretton Woods Commission, *Bretton Woods*.

13. The founding U.S. organizations included the Natural Resources Defense Council, National Wildlife Federation, and Environmental Policy Institute (later merged with Friends of the Earth), as well as the Environmental Defense Fund and the Sierra Club.

14. See chapter by Covey, this volume; Nelson, *The World Bank* and "Internationalising"; and Wirth, *Environmental Reform*.

15. Johannes Linn, cited in "The World Bank Participation Sourcebook Launch," panel discussion, 26 February 1996, official transcript, pp. 66-7, emphasis added.

16. See Bradford Morse and Thomas Berger, *Sardar Sarovar: The Report of the Independent Review* (Ottawa: Resources Futures International, 1992), discussed in chapters by Udall and Fox, this volume.

17. Priya Kurian shows this clearly in "The U.S. Congress and the World Bank: Impact of News Media on International Environmental Policy," in Bartlett, Kurian, and Malik, *International Organizations*. For examples of the "50 Years" campaign media strategies, see the polished paid announcements on the *New York Times* editorial page produced by the Rainforest Action Network, one of the more militant members of the coalition. The headline on September 26, 1994, was "See the Forest? The World Bank Can't Even See the Trees," and the article began "For fifty years it has been business as usual." On October 4, 1994 the *New York Times* opinion page ad was headlined, "The Quickest Way to Fix the World Bank?" and pictured a hammer coming down on a piggy bank.
18. Cited in Thomas Friedman, "World Bank, at 50, Vows to Do Better," *New York Times*, 24 July 1995. See Danaher, *Fifty Years*, and the U.S. campaign platform summarized in *WHY* (World Hunger Year), no. 16, summer (1994). For a fourteen-page, single-spaced response, see "World Bank Response to U.S. '50 Years in Enough Platform,'" unpublished (1994). Among developing country approaches to the "50 Years" campaign, see *Third World Resurgence* 49 (September 1994). For a more moderate NGO assessment, see Hillary French, "The World Bank: New Fifty, But How Fit? *Worldwatch*, 7, no. 4 (1994). See also, among others, Clay Chandler, "The Growing Urge to Break the Bank," *Washington Post*, 19 June 1994 (subtitled "A Chorus of Critics Say the World Bank Has Hurt the Poor and the Environment"); and Peter Norman, "Worlds Apart on How to Change the World," *Financial Times*, 30 September 1994, who wrote "The '50 Years Is Enough' campaign, a Washington-based lobby group, has mounted a slick, well-oiled crusade to cut the World Bank and the International Monetary Fund down in size.... It wants the International Development Association, the World Bank's soft loan agency for helping the poorest developing nations, to be removed from the Bank's control."
19. Mohan Munasinghe, public lecture at Center for International Studies, Massachusetts Institute of Technology, Boston, 9 March 1993. For his approach, see "Environmental Issues and Economic Decisions in Development Countries," *World Development* 21, no. 11 (November 1993).
20. Frances Seymour and Kathryn Fuller, "Converging Learning: The World Wildlife Fund, World Bank and the Challenge of Sustainable Development," *The Brown Journal of World Affairs* 3, no. 2 (summer/fall, 1996).
21. For useful and complementary applications of organization theory to the issue of World Bank collaboration with NGOs, see Nelson, *The World Bank*, and Michelle Miller-Adams, "The World Bank in the 1990s: Understanding Institutional Change," paper presented to the American Political Science Association, San Francisco, 1996. See also Miller-Adams' Ph.D. dissertation of the same title, Columbia University Political Science April, 1997.
22. Organizational learning is more than just individual learning by actors in positions to shape immediate organizational responses; it involves organizational changes that endure in spite of individual turnover. Organizational learning at the level of correcting errors in minor performance routines goes on as a matter

- of course in many organizations, but learning at the level of basic values, goals, and principles is much more difficult and more disruptive when it occurs. See C. Argyris and D. Schon, *Organizational Learning: A Theory of Action Perspective* (Reading, Mass.: Addison-Wesley, 1978); P. M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday, 1990); and J. Swieringa and A. Wierdsma, *Becoming a Learning Organization: Beyond the Learning Curve* (Reading, Mass.: Addison-Wesley, 1992).
23. See C. Margaret Fiol and Marjorie A. Lyles, "Organizational Learning," *Academy of Management Review* 10, no. 4 (1985), p. 806.
24. Many studies of organizational change suggest that both internal and external factors are involved (see D. A. Nodler and M. L. Tushman, "Organizational Frame Bending," *Academy of Management Executive* 3, no. 3, 1989). For examples of the greening of the Bank's official discourse, see especially the research publications of the Bank's vice presidency for Environmentally Sustainable Development. Although these publications are an important vehicle for expressing the views of insider reformists, their impact on Bank lending operations remains an open empirical question. See in particular the Bank's landmark 1992 *World Development Report* (Washington, D.C.: World Bank), which was dedicated to the idea that environment and (market-led) development goals are quite compatible. For a heterodox economic analysis, see Lance Taylor, "The World Bank and the Environment: The *World Development Report 1992*," *World Development* 21, no. 5 (May 1993). Many analysts have noted, however, that World Bank-sponsored research has at most an indirect impact on actual lending operations. For example, Nathaniel Leff's study of the Bank's intellectual investment in developing social cost-benefit analysis in the late 1970s found that this technique had no influence on lending decisions. See his "Policy Research for Improved Organizational Performance," *Journal of Economic Behavior and Organization* 9 (1988).
25. Peter Haas documents the role of "epistemic communities," which are "networks of knowledge-based experts," in the process of changing the behavior of international environmental agencies. See Haas's *Saving the Mediterranean: The Politics of International Environmental Cooperation* (New York: Columbia University Press, 1990) and his edited thematic issue of *International Organization* 46, no. 1 (winter, 1992), where he argues that "actors can learn new patterns of reasoning and consequently begin to pursue new ... interests," and that "outcomes may be shaped by the distribution of information as well as by the distribution of power capabilities" (pp. 2, 5). This approach stresses the importance of how the range of acceptable policy alternatives is framed: "epistemic communities are channels through which new ideas circulate from societies to governments as well as from country to country. However ... [t]he ideas would be sterile without carriers, who function more or less as cognitive baggage handlers as well as gatekeepers governing the entry of new ideas into institutions (1992, p. 27). Like Keck and Sikkink's advocacy networks, epistemic communities are defined by shared belief systems, which contribute to their persistence and solidarity. In context of the World Bank, Deborah Brautigam uses



the concept of "policy networks" to explore the institution's increasing acceptance of the importance of targeted poverty reduction measures ("The World Bank"). For overviews of NGOs and international environmental policy, see, among others, Pratap Chatterjee and Matthias Finger, *The Earth Brokers* (London: Routledge, 1994); Janet Fisher, *The Road From Rio* (Westport, Conn.: Praeger, 1993); Sheldon Kameinicki, ed., *Environmental Politics in the International Arena* (Albany: State University of New York, 1993); Keck and Sikkink, *Activists Beyond Borders*; Ronnie Lipschutz and Ken Conca, eds., *The State and Social Power in Global Environmental Politics* (New York: Columbia University Press, 1993); Ronnie Lipschutz, *Global Civil Society and Global Environmental Governance* (Albany: SUNY Press, 1996); Thomas Princen and Matthias Finger, *Environmental NGOs in World Politics* (London: Routledge, 1994); and Paul Wapner, *Environmental Activism and World Civic Politics* (Albany: SUNY Press, 1996).

26. Barbara B. Crane and Jason L. Finkle, "Organizational Impediments to Development Assistance: The World Bank's Population Program," *World Politics* 33, no. 4 (July 1981), p. 518. On the organizational obstacles to change at the Bank, see especially Nelson, *The World Bank*, and Rich, *Mortgaging the Earth*, and his "Memorandum: The World Bank—Institutional Problems and Possible Reforms," unpublished ms. (Environmental Defense Fund, March 1995). Note that the analytical issue here is not *whether* the Bank changes—it certainly does, especially in response to donor government priorities and shifting trends in the economics profession. The focus here is on that subset of changes that have emerged at least partially in response to the transnational "public interest" critique.

27. For a classic framing of this problem, see Aaron Wildavsky, "The Self-Evaluating Organization," *Public Administration Review* 32, no. 5 (September/October 1972). For a masterful analysis of a World Bank "analytical" effort to reconcile East Asian economic success with anti-statist neoclassical assumptions, see Robert Wade, "The World Bank and the Art of Paradigm Maintenance: The East Asian Miracle as a Response to Japan's Challenge to the Development Consensus," *New Left Review* 217 (1996).

28. This even holds in the case of ozone-depleting chemicals. World Bank economists continue to insist that this key international environmental cost be left out of development investment calculations, in spite of a U.N.-led consensus that such costs be internalized in economic decision making (Robert Goodland, senior World Bank environmental analyst, interview by Fox, Washington, DC, 3 June 1996).

29. Ernst B. Haas, *When Knowledge is Power* (Berkeley: University of California Press, 1990), p. 37. See also Peter M. Haas and Ernst B. Haas, "Learning to Learn: Improving International Governance," *Global Governance* 1 (1995). Haas's book surveys a wide range of international organizations and finds that the World Bank is one of the few that has shown a capacity for "true learning." This conclusion is based on the secondary literature on the World Bank's turn toward

"new-style" anti-poverty projects under MacNamara in the 1970s. However, it turns out that this literature does not provide empirical support for the view that the World Bank significantly changed the nature of its projects. Robert L. Ayres, for example, one of Haas' key sources, does not claim that the new-style projects had a significant impact (*Banking on the Poor* [Cambridge: MIT Press, 1983]). Rather than claiming that this shift involved a significant change of worldview, Ayres stresses the "tenacity of [the Bank's] ideology" and finds no "paradigmatic shift" (p. 90). In terms of the anti-poverty projects themselves, he refers to their "small, enclaved nature" (p. 219), and his evidence does not disprove the critics who suggested that most of the new-style projects failed to have a significant anti-poverty impact and were often captured by local elites. See also the skeptical insider Art van de Laar's *The World Bank and the Poor* (Boston: Martinus Nijhoff, 1980), especially pp. 109–40. Perhaps most problematic for Haas's claim about the World Bank, which attributes anti-poverty shift in the 1970s to institutional learning, is Ayres's own underlying explanation. His extensive insider interviews led him to conclude that "the underlying political rationale for the Bank's poverty-oriented development projects seemed to be political stability through defensive modernization [aimed at] forestalling or preempting social and political pressures" (1983, p. 226). In other words, one could argue that the Bank's shift in the 1970s was driven more by adaptation (to the political threat of then-rising Third World nationalism) than institutional learning in Haas's sense. For then-contemporary radical critiques, see Payer, *The World Bank*, and Hayter and Watson, *Aid*.

30. Studies of change in large corporate systems have indicated that "frame-breaking" changes often required major turnovers in leadership, whereas the rarer "frame-bending" forms of learning required executives willing to undertake major change prior to organizational crises. See Nadler and Tushman, "Organizational Frame Bending." More generally, the patterns of change in organizations seem to follow a pattern of periods of relative stability punctuated by periods of great turbulence and rapid shifting of paradigms. See Connie Gersick, "Revolutionary Change Theories: A Multilevel Exploration of the Punctuated Equilibrium Paradigm," *Academy of Management Review* 16, no. 1 (1991).

31. Even the Bank's new president emphasized his frustration with the institution's resistance to change in an internal meeting with his entire senior management, where he said, "there is so much baggage. And yet there is a need, somehow, to break through this glass wall, this unseen glass wall, to get enthusiasm, change and commitment" (cited in Michael Holman, Patti Waldmeir, and Robert Chote, "World Bank Chief Accuses Staff of Resisting Reforms," *Financial Times*, 29 March 1996).

32. Samuel Paul examined some of the problems of public agency accountability in developing countries in "Accountability in Public Services: Exit, Voice and Control," *World Development* 20, no. 7 (1992). He draws on Hirschman's concepts of exit and voice to propose alternatives to hierarchical control for holding public agencies accountable. Most discussions of accountability, however, tend to be either very abstract and normative or extremely institution specific.

33. For an application of a related conceptual framework to the democratization of authoritarian regimes, see Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46, no. 2 (January 1994).

34. This approach is at the confluence of two distinct currents in the political science literature. As the discipline increasingly recognizes the importance of transnational political actors and processes and actors, the entrenched barriers between the subdisciplines of international relations and comparative politics are eroding. There is a growing consensus that the question is not whether to integrate the subdisciplines, but rather *how*. The most persuasive efforts so far are Keck and Sikkink, *Activists Beyond Borders*; and Peter Evans, Harold Jacobson, and Robert Putnam, eds., *Double-Edged Diplomacy: International Bargaining and Domestic Politics* (Berkeley: University of California Press, 1994). Nevertheless, most international relations frameworks are still defined primarily in terms of state-to-state, state-international organization, or state-capital interaction, bringing in civil society actors on an ad hoc basis. Similarly, the conceptual frameworks of comparative politics that do deal systematically with state-society interaction bring in international actors on an ad hoc basis. Each subdiscipline still tends to treat the other's key actors as implicitly monolithic black boxes. To understand the inherently uneven process of transnational institutional change, however, the conceptual challenge is to unpack these black boxes and explain how internal conflicts within each one affect the prospects for change within and between the others.

35. As Peter Haas, Robert Keohane, and Marc Levy's comprehensive study of international environmental policy concludes, "if there is one key variable accounting for policy change, it is the degree of domestic environmentalist pressure in major industrialized democracies, not the decision-making rules of the relevant international institutions". See their edited collection, *Institutions for the Earth* (Cambridge: MIT Press, 1994), p. 14, emphasis in original.

36. See the comprehensive comparative study by Paul Mosley, Jane Harrigan, and John Toye, *Aid and Power: The World Bank and Policy-Based Lending*, 2 vols. (London: Routledge, 1991). In principle, Bank capacity to oblige compliance should be highest in this area of macroeconomic policy, where performance is much simpler to measure than, for example, targeted poverty alleviation projects, whose effects are widely dispersed and difficult to monitor. On the limited effectiveness of "green" conditions on the use of international economic aid, see Robert Keohane, ed., *Institutions for Environmental Aid: Pitfalls and Promise* (Cambridge: MIT Press, 1996).

37. For an unusually detailed country case analysis of this process, see Robin Broad, *Unequal Alliance*, which documents "the World Bank's conscious strategizing to link forces with sympathetic Philippine transnationalists ... tilting the domestic power struggle in favor of transnationalist over nationalist factions" (p. 11). For a related approach that unpacks both capital and the state in terms of cross-cutting coalitions, see Sylvia Maxfield's *Governing Capital: International Finance and Mexican Politics* (Ithaca: Cornell University Press, 1990). See also

Jonathan Fox, "The World Bank and Mexico: Where Does Civil Society Fit In?" paper presented at the Universidad Nacional Autónoma de México, Facultad de Economía, Mexico, City, March, 1997.

38. For extensive documentation of the Bank's decision to proceed with the Amazon road in spite of detailed information about its social and environmental risks, see Price, *Before the Bulldozer*. On the internal Bank politics behind Narmada, see Wade, "Greening the Bank."

39. This process of taking advantage of the "political opportunity structure" in turn increases the influence of those NGOs that are the gatekeepers of access to political institutions that can be influenced. The U.S. lobbying context also encourages NGOs to focus more on issues where they have potential allies within the state, such as environmental assessment (in contrast to structural adjustment, for example). Under pressure from large environmental constituencies, U.S. congressional and executive leaders from both parties could push for World Bank environmental reforms without questioning the core elements of the dominant macroeconomic model. See Paul Nelson, "Transnational NGO Networks in Global Governance: Promoting 'Participation' at the World Bank," paper presented at the International Studies Association, San Diego, April 1996. On "political opportunity structures" more generally, see Sidney Tarrow, *Power in Movement* (New York: Cambridge University Press, 1994).

40. For analyses of World Bank support for authoritarian regimes, see, for example, the classic study by Walden Bello, David Kinley, and Elaine Elinson, *Development Debauchery*; and more recently, Robert Browne and Caleb Rossiter, *Financing Military Rule: The Clinton Administration, The World Bank and Indonesia* (Washington, D.C.: Research Report by the Project on Demilitarization and Democracy, April 1994) and *In the Name of Development: Human Rights and the World Bank in Indonesia* (New York: Lawyers Committee for Human Rights, Institute for Policy Research and Advocacy (ELSAM), July 1995). For overviews, see the proceedings of the Conference on Human Rights, Public Finance and the Development Process, published in *The American University Journal of International Law and Policy* 8, no. 1 (fall, 1992). For case studies of the links between environmental movements and human rights, see Human Rights Watch, Natural Resources Defense Council, *Defending the Earth: Abuses of Human Rights and the Environment* (New York: HRW, NRDC, 1992). On the issue of linking official development aid to human rights issues, see Georg Sorenson, ed., *Political Conditionality* (London: Frank Cass, EADI, 1993).

41. The first major turning point toward increased direct voice for grassroots leaders was in 1987 when Brazilian rubber-tapper leader Chico Mendes lobbied the multilateral banks directly. See, among others, Margaret Keck, "Social Equity and Environmental Politics in Brazil: Lessons from the Rubber Tappers of Acre," *Comparative Politics* 27, 4 (July 1995); and Stephan Schwartzman, "Deforestation and Popular Resistance in Acre: From Local Movement to Global Network," paper presented at the American Anthropological Association, Washington, D.C., 1989.

42. Gopal Sivawati, public presentation at the "Fifty Years Is Enough" conference, American University, Washington, D.C., 8 November 1995.
43. See "Arun III Campaign Update," unpublished report, 2 November 1995.
44. For examples of some of the World Bank's assumptions about advocacy groups, see World Bank External Affairs Department, *Setting the Record Straight: The World Bank's Response to Bruce Rich's Mortgage the Earth*, unpublished ms., (Washington, D.C.: World Bank, March 1994), or the more extreme Brigid McMenamin, "Environmental Imperialism," *Forbes*, 20 May 1996. Several cases of international NGO involvement have provoked charges of "environmental imperialism" from grassroots groups and NGOs in developing countries, including the U.S.-NGO-threatened boycott of Scott Paper because of its activities in Indonesia and the conflict over the role of U.S. NGOs negotiating with oil companies over drilling in the Ecuadorian Amazon. On these two cases, see James Riker, "State-NGO Relations and the Politics of Sustainable Development in Indonesia: An Examination of Political Space," paper presented at the American Political Science Association Annual Meetings, Washington, D.C., September 1993, and Joe Kane, "With Spears from All Sides," *The New Yorker*, 27 September 1993. See also Cleary, "In Whose Interest?" For an example of an analysis that assumes rather than demonstrates NGO representation of grassroots interests, see Wapner, *Environmental Activism*. The problem of the lack of NGO accountability to grassroots groups is not limited to international NGOs, however. For examples of critical analyses of local NGO-grassroots relations, see Silvia Rivera Cusicanqui, "Liberal and *Ayllu* Democracy: The Case of Northern Potosí, Bolivia," in Jonathan Fox, ed., *The Challenge of Rural Democratization: Perspectives from Latin America and the Philippines* (London: Frank Cass, 1990); Jonathan Fox and Luis Hernández, "Mexico's Difficult Democracy: Grassroots Movements, NGOs and Local Government," *Alternatives* 17, no. 2 (spring 1992); and Smitu Kothari, "Social Movements and the Redefinition of Democracy," in Philip Oldenberg, ed., *India Briefing* (Boulder, Colo.: Westview, 1993). For further analyses of NGO accountability issues, see Michael Edwards and David Hulme, eds., *Beyond the Magic Bullet: NGO Performance and Accountability in the Post-Cold War World* (West Hartford: Kumarian, 1996); David Hulme and Michael Edwards, eds., *NGOs, States and Donors: Too Close for Comfort?* (New York: St. Martin's, 1997); and John Farrington and Anthony Bebbington, *Reluctant Partners? Non-Governmental Organizations, the State and Sustainable Agricultural Development* (New York: Routledge, 1993).
45. Among recent studies of grassroots environmental movements, see Robert Bullard, ed., *Confronting Environmental Racism* (Boston: South End Press, 1993); Cleary, "In Whose Interest?"; Mark Dowie, *Losing Ground* (Cambridge: MIT Press, 1995); Al Gedicks, *The New Resource Wars: Native and Environmental Struggles against Multinational Corporations* (Boston: South End Press, 1993); Dharam Ghai, ed., *Development and Environment: Sustaining People and Nature* (Oxford: Blackwell, UNRISD, 1994); Dharam Ghai and Jessica Vivian, ed., *Grassroots Environmental Action* (London: Routledge, 1992); Richard
- Hofrichter, ed., *Toxic Struggles: The Theory and Practice of Environmental Justice* (Philadelphia: New Society, 1993); Bron Raymond Taylor, ed., *Ecological Resistance Movements* (Albany: State University of New York, 1995); Jeremy Seabrook, *Victims of Development: Resistance and Alternatives* (London: Verso, 1993); and Andrew Szasz, *Ecopolitism: Toxic Waste and the Movement for Environmental Justice* (Minneapolis: University of Minnesota Press, 1994).
46. It is worth emphasizing that there are often substantive political differences between coalition partners, not just differences of style. Coalition partners may perceive strategic choices very differently; some may see political trade-offs between means and ends where others do not. Most notably, some may be more willing to bargain for partial concessions than others. There may also be trade-offs between short-term, "elite" NGO lobbying opportunities to influence a particular project versus the more difficult long-term process of bolstering grassroots voice and representation within the transnational advocacy coalition. Recognizing these dilemmas is the first step to confronting them, but even then transnational alliance partners may well have very different ideas about how to balance them.
47. It would have been ideal to have included a chapter written from an insider, World Bank reformist perspective. Several candidates were invited but declined. This gap in the study is partially covered by Fox's chapter on internal Bank dynamics.
48. The one exception is Treakle's chapter on Ecuador's structural adjustment, where the World Bank and Inter-American Development Bank campaigns were closely linked. On the regional multilateral development banks, see Harris Mule and E. Philip English, *The African Development Bank* (Boulder, Colo.: Lynne Reinner, North-South Institute, 1996); Nihal Kappagoda, *The Asian Development Bank* (Boulder, Colo.: Lynne Reinner, North-South Institute, 1995); Chandra Hardy, *The Caribbean Development Bank* (Boulder, Colo.: Lynne Reinner, North-South Institute, 1995); Diana Tussie, *The Inter-American Development Bank* (Boulder, Colo.: Lynne Reinner, North-South Institute, 1995); Roy Culpeper, *Titans or Behemoths?* (Boulder, Colo.: Lynne Reinner, North-South Institute, 1996). On the Asian Development Bank, see also Antonio Quizon and Violeta Perez-Corral, *The NGO Campaign on the Asian Development Bank* (Manila: Asian NGO Coalition for Agrarian Reform and Rural Development, 1995).
49. The original set of campaign cases examined for this volume was larger, but the political sensitivity of the research questions led the leadership of at least two Southern anti-project campaigns to decide that they did not want to be studied by an international research network. We decided to respect their decisions, and those cases were not included in the field research.
50. In addition to sources already cited, see Silvina Arrossi et al., *Funding Community Initiatives* (London: Earthscan, 1994); John Clark, *Democratizing Development* (West Hartford, Conn.: Kumarian, 1991); Tom Carroll, *Intermediary NGOs: The Supporting Link in Grassroots Development* (West Hart-

ford, Conn.: Kumarian, 1992); R. Livernash, "The Growing Influence of NGOs in the Developing World," *Environment* 34, no. 5 (June 1992).

51. For one new analytical approach to the study of NGOs, see E. A. Brett, "Voluntary Agencies as Development Organizations: Theorizing the Problem of Efficiency and Accountability," *Development and Change* 24 (1993); Carrie Meyer, "Environmental NGOs in Ecuador: An Economic Analysis of Institutional Change," *Journal of Developing Areas* 27 (1993); and her "Opportunism and NGOs: Entrepreneurship and Green North-South Transfers," *World Development* 23, no. 8 (1995).

52. See Barbara Gray, *Collaborating: Finding Common Ground for Multiparty Problems* (San Francisco: Jossey-Bass, 1989), and David Brown, "Bridging Organizations and Sustainable Development," *Human Relations* 44, no. 8 (1991).

53. On this issue, see especially Edwards and Hulme, *Beyond the Magic Bullet*.

54. Some of the chapters included in this volume address issues of accountability and grassroots representation, but it will be up to other researchers to do the long-term, participant-observation research needed to provide convincing explanations of the determinants of degree of internal accountability. For a longitudinal study of the changing degrees of leadership accountability over time, see Jonathan Fox, "Democratic Rural Development: Leadership in Regional Peasant Organizations," *Development and Change* 23, no. 2 (April, 1992).

55. See Nelson, *The World Bank* and "Internationalising," and the official annual report, Operations Policy Group, World Bank, *Cooperation Between the World Bank and NGOs: FY 1995 Progress Report* (Washington: World Bank, March 1995).

56. *Indonesia: Kedung Ombo Multipurpose Dam and Irrigation Project (Ln. 2543-IND): Project Completion Report*, unpublished report (Washington, D.C.: World Bank, 1995). This study confirms that the "internationalization of the conflict" helped encourage the Bank to take "corrective action" about the resettlement and rehabilitation of the thousands of displaced families (p. 62). This internal report offers as a "lesson learned" that

NGOs contacted the Bank and the Government of Indonesia as early as 1987 with information that there were major problems with the resettlement operation, much of it subsequently confirmed, but the Bank did not respond to the NGOs or supervise the component for more than a year. This initial lack of interest in dialogue with NGOs contributed to the subsequent polarization of discussion. Had the Bank and project authorities participated in an early, informed discussion of Kedung Ombo with NGOs and others concerned groups, much of the embarrassment and cost suffered by the Bank and borrower subsequently could have been averted. (p. 63)

57. Comprehensive critiques are presented in the special issue of *The Ecologist*, "Banking on Disaster: Indonesia's Transmigration Programme," 16, nos. 2 and 3 (1986).

58. See the chapter by Gray, this volume, for further discussion of the transmigration project; also see Riker, "State-NGO Relations," for more on Indonesian NGO politics. See also Philip Eldridge, *Not-Government Organizations and Democratic Participation in Indonesia* (Kuala Lumpur: Oxford University Press, 1995).

59. Stephan Schwarzman, Environmental Defense Fund, interview by Fox, Washington, D.C., April 1996.

60. For a detailed explanation of the official policy, see Cindy Buhl, *A Citizen's Guide to the World Bank's Indigenous Peoples Policy* (Washington, D.C.: Bank Information Center, 1994).

61. Environment Department, *Resettlement and Development: The Bankwide Review of Projects Involving Involuntary Resettlement, 1986-1993*, Environment Department Papers, No. 32, Resettlement Series (Washington: World Bank, March, 1996 [originally published April 8, 1994]), p. 7

62. From Sidney Tarrow, "Fishnets, Internets and Catnets: Globalization and Transnational Collective Action," *Occasional Paper* (Madrid: Juan March Foundation, Center for Advanced Study in the Social Sciences, winter 1995).