

Letter to the Editor of Foreign Policy

Dear Sir,

As a frequent reader of Foreign Policy, I have always found your articles topical, thought-provoking and generally of high quality. It was therefore truly disappointing to read Sebastian Mallaby's "NGOs: Fighting Poverty, Hurting the Poor" in your October 2004 edition. The article is a curiously one-sided and superficial look at a very important set of issues that merit more considered treatment. It is especially disappointing coming from a journalist of Mallaby's caliber and experience. I shall explain why below.

First, however, let me say that, though I have made my career in the NGO movement, I in no way believe that NGOs are sacred and that they should be immune from critical judgment because they labour in a good cause. There are millions of NGOs and, like companies or governments, some are outstanding, many are good, lots are mediocre, and some are patently phony and crooked. I fully accept that NGOs must be accountable for the way in which they pursue their mission, the claims that they make, and the integrity with which they spend their contributors' money.

With that important point out of the way, let me turn to the article. Mallaby's premise is that the World Bank's efforts to help the poor are being stymied by self-interested and illegitimate NGOs who will stop at nothing – including dirty tricks – to undermine the Bank's projects. With respect, this is a tad simple.

Criticism of the Bank is by no means confined to the NGO movement. The Bank's own Operations Evaluation Division, after an exhaustive investigation, concluded that a substantial majority of Bank projects fail to reach their objectives. This is not a casual failure. Unlike commercial banks, it is the Bank's customers who assume the full risk of these failed projects. It is their beleaguered taxpayers that go on for decades paying the debt caused by the Bank's short-sightedness, flawed analysis or just plain sloppy project preparation. Further, poor countries' ability to do so is greatly circumscribed as a result of their adoption, under pressure from the Bank, of economic policies that are now widely acknowledged to have been flawed and that have in most cases failed to deliver the promised growth.

Development is a complex business and most of us – the Bank included – get it wrong some of the time. Faced with development dilemmas, the answers are rarely black and white except, apparently, for Mallaby. I don't know the Bujagali case in detail, but I did have the honor to work with the World Commission on Dams (WCD). The WCD was formed, with the full cooperation of the World Bank, because qualified opinion on the subject of dams and their development costs and benefits covered such a wide range as to be irreconcilable. The Commission set out to answer two questions: first, how well have large dams done in living up to their development expectations; and, second, under what conditions could large dam projects be pursued that would clearly contribute to the well-being of developing countries.

The WCD, far from Mallaby's characterization of it, was a remarkably balanced group, spanning the entire spectrum from dam promoters, builders and operators to dam opponents. They laboured for two years, agreed to go where the evidence took them, and reached a full consensus on both the questions before them. On the first question, the news was very bad for the dam proponents – large dams have

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repeatedly failed to live up to expectations, much less the promises made for them. The news on the second question was only slightly better for this group. Large dams can, under certain circumstances, contribute to development, but only if they meet a range of conditions. Even then, they are rarely the best solution to the development challenge.

So, an independent, representative group of dam specialists worked on the evidence for two years and came to conclusions that the Bank didn't like. Although the Bank had said it would follow WCD's recommendations whatever they were they have, ever since the report was published, busily undermined it and worked to ensure that some large and powerful countries like China and India, whose record on dam-building is particularly egregious, would reject it, effectively consigning the WCD report to the library shelves.

Many NGOs are convinced that the Bank has come under strong pressure from commercial concerns not to abide by the WCD report. This may be so or it may not. However, if as Mallaby paints it the Bank is devoted to the alleviation of poverty, you would think that they would be more positive in applauding and following the result of the most thorough and qualified review of large dams ever undertaken, and whose conclusions were highly critical of the Bank's own performance in this field.

Mallaby also mischaracterizes the World Bank Inspection Panel. The Panel is not an instrument to be used by the Bank President for tactical political purposes nor can it be manipulated by dastardly NGOs; instead it is independent and reports directly to the Bank's Board of Directors. Ever since it was set up, the Bank has been trying to undermine it and limit its scope.

The Panel is not empowered to judge the development-worthiness of Bank projects, but simply to judge whether the Bank has followed its own rules in designing or conducting the project. In the case of the Qinghai project, their report was devastating. In other words, the Panel found that the Bank had trampled its own rules and standards to an extent that the project could have no credibility as proposed. With China rapidly emerging as the Bank's most promising customer, there are no prizes to be won for guessing why the profit-conscious Bank tripped over itself in its rush to have this project approved.

These are issues on which there needs to be open and objective discussion – the sort that has been forced on a reluctant Bank by NGO activism and by that alone. There are legitimate and intelligent arguments on both sides of these issues. I sincerely hoped that Mallaby might contribute to this debate. He hasn't.

Sincerely,

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