

Countering corporate influence at the World Bank: the mobilization of transnational coalitions to promote sustainable community-based development

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Abstract

In the current era of economic globalization, the policies and practices of public institutions are increasingly influenced by powerful transnational corporations. The World Bank is illustrative in this regard: despite institutional commitments to poverty reduction and sustainable development, ostensibly achieved through participatory methodologies that respect local communities and their environments, the fundamental agenda of the Bank remains one of aggressive trade liberalization. This agenda is generally shaped by the trade and finance ministries of the Bank's most powerful members (including both its biggest donors and borrowers) and by the direct influence of private sector players. With little institutional will to confront the contradictions that often arise between its social and environmental policy commitments and the interests of its corporate partners, the Bank all too frequently sacrifices the former in favor of maintaining support from the latter.

Civil society attempts to counter the influence of transnational corporations and uphold social and environmental principles require effective transnational organizing. The flexibility and complementary skills of Northern and Southern partners can counter "business as usual" at public institutions such as the World Bank and achieve concrete changes that directly benefit local communities and environments and that pave the way for broader institutional reforms.

The effectiveness of transnational advocacy campaigns depends upon a number of factors, both internal and external to the coalition's structure and functioning. This presentation will describe the experiences of a transnational World Bank advocacy campaign to empower local communities in independent monitoring of World Bank project impacts on livelihoods and environments. The campaign focuses specifically on Bank compliance with its pest management policy and draws on the coalition's direct experiences in the field to build a case for broader institutional reforms. A case study from Indonesia will be presented, along with reflections on its strengths and weaknesses, and comparison with different models evolving from similar campaigns underway in the Philippines, China and West Africa.

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Public institutions and corporate control

A major arena of activities for activists is the fiercely contested ground of public institutions: our governments and the multilateral institutions of which our countries are members. The contest is between the public—whose needs and interests these institutions are supposed to reflect and protect—and the corporations that have largely incapacitated governments and use our public institutions to increase sales of their products and maximize profits at the expense of communities, human rights and the environment.

Among the wide range of public institutions, a particular group has come under intense review and is the subject of a growing number of transnational advocacy campaigns. These are the international financial institutions such as the World Trade Organization (WTO), World Bank (WB), International Monetary Fund (IMF) and regional development banks. These institutions are fervent proponents of structural adjustment, policies that induce governments to slash spending for basic social needs such as health and education, dismantle local food systems and open national markets to unrestricted trade. Although these institutions are legally bound by principles “promoting stability and sustainable development” and “reducing poverty,” they have repeatedly failed to contribute to socially just and environmentally sound development and, as many advocacy groups charge, have more often destroyed communities and devastated environments instead.

Pesticides and the World Bank

My analysis of WB advocacy campaigns focuses on a specific sector (agriculture) and the transnational campaigns that have recently emerged to address implementation of the World Bank’s binding policy on pesticides and pest management.

After decades of NGO protest and pressure, the World Bank finally revised its policy on pest management to meet many of the demands of activist NGOs. Even in the 1980’s, the policy-focused NGO campaign was transnational in nature, with leadership coming at various times from pesticide activists of both Southern and Northern countries. The informal decentralized nature of the Pesticide Action Network (PAN) facilitated a fluid movement of leadership roles in various transnational campaigns back and forth between five coordinating regional centers, each one wholly independent of the other in governance, structure and funding. Key players in the network’s World Bank campaign included PAN Asia & the Pacific, based in Malaysia, and PAN North America, based in the United States.

The Bank’s current policy now contains explicit commitments to reducing reliance on pesticides and to promoting farmer-driven ecological pest management. But despite the existence of this hard-won policy, implementation at the field level is another story entirely and far more likely to be shaped by powerful private sector interests than by the principles of a legal document produced in Washington DC. Thus, World Bank agricultural development projects are frequently the vehicle by which pesticide companies expand their power and reach into the most remote and ecologically fragile areas to market their products. Some Bank-financed projects actually give farmers pesticides outright—without any information about their health effects or the existence of alternatives. This is in direct violation of the Bank’s pest management policy. Less directly, structural adjustment

programs pressure governments to intensify production of high value export crops, often in intensive monocultural systems. This too typically leads to increased use of pesticides.

One of the most glaring examples of the degree to which a public institution can be wed to corporate interests is the relationship between the World Bank and the pesticide industry. Through the World Bank's official Staff Exchange Program, representatives of some of the largest most powerful pesticide producers are sitting at desks inside the World Bank working on WB assignments. And World Bank staff are actually seconded to pesticide companies, where they promote pesticide sales on behalf of their host company.

The pesticide industry's integration into daily World Bank operations, its access to sensitive information at the Bank, and the very fact that World Bank staff are conducting the work of pesticide companies constitute a violation of the Bank's policy commitments to reducing pesticide dependence, a misuse of public funds and abandonment of the Bank's public responsibilities. At the same time, the intimacy between transnational corporations and the World Bank poses a considerable challenge to civil society networks committed to reducing pesticide use and promoting ecological alternatives.

Strategies of resistance

What strategies can peoples' movements employ to counter the pervasive corporate influence in these institutions? Because they are *public* institutions, they are ultimately accountable for their deeds to the people; whether or not their behavior reflects this depends upon the extent to which *civil society* holds them accountable.

I would like to take a few moments to describe a powerful strategy employed by local community groups in Indonesia. This is the mobilization of communities to monitor and document the impacts of WB interventions there (particularly regarding pesticide use) and the formation of transnational advocacy coalitions to support local demands.

In Indonesia, the NGO Yayasan Duta Awam has been monitoring a \$65 million dollar WB project known as the "Integrated Swamps Development Project" (ISDP). YDA undertook this project in 1997, in collaboration with PAN North America. YDA trained and assisted local farmers in conducting participatory monitoring of the Bank project's impacts on their health, agricultural systems, use of toxic pesticides and economic and social well-being.

Before initiating the monitoring, YDA introduced themselves to the national government agencies responsible for the project, as well as provincial and government officials. YDA assured these officials that they would be kept informed of progress and offered every opportunity to address concerns that might arise. Laying this groundwork and cultivating the understanding of sympathetic government officials proved extremely helpful at later stages of the campaign. At the same time, YDA maintained a firm distance from government influence, refusing to sacrifice independence for the government's offers to assist in the investigation.

Community monitors interviewed over 300 farmers from 15 villages in Kalimantan and Sumatra. Their investigation uncovered extensive problems in the project—including increased use of and dependence on chemical pesticides, including hazardous WHO Class II pesticides, lack of training about the health effects of pesticides or the existence of alternatives, decreased crop diversity and illegal sale of WB project pesticides in local

markets. The community also uncovered a host of other problems, including exclusion of women from agricultural training, poorly constructed or unfinished irrigation systems resulting in flooding of fields and villages, lack of transparency regarding terms of loan repayment, and widespread corruption.

Although the project's original design on paper had looked quite good, the weak capacity of government agencies and the Bank's inadequate supervision system throughout implementation further disempowered the affected communities and degraded the already fragile environment.

The farmers developed a list of concrete recommendations for project reform, which they presented to government and WB officials at precedent-setting provincial and national seminars, facilitated by YDA in 1998. This was the first time for many government and WB officials that they were outnumbered by articulate farmers, relentlessly presenting the truth and calling on them to correct their misdeeds.

The farmers' data and recommendations formed the basis of a transnational advocacy campaign. PANNA, YDA and farmers worked closely together, coordinating our respective advocacy efforts directed at officials in Jakarta and Washington DC. By maintaining frequent communications between the communities, YDA and PANNA, we were able to expose inaccurate claims by WB and government officials that they had already resolved farmers' concerns. By publicizing farmers' own evaluation of the project—through both Indonesian and international media and in public meetings—the coalition pushed the Bank to re-open investigation of the project and begin implementing farmers' demands. In Washington DC, PANNA mobilized the support of other international NGOs who amplified our local partners' concerns, raising them in meetings with US Congressional representatives, the US Treasury and Executive Directors of the Board of the Bank.

As of this year, important progress has been achieved in Indonesia. The WB project hired and placed "community organizers" in the field to respond to farmers' concerns; many of the corrupt practices by local extensionists were halted; farmer-centered training in ecological pest management was scheduled; and, under persistent NGO pressure, the WB agreed to stop handing out chemical pesticides. A crucial factor in the campaign's success was the arrival of a new WB project manager in 1999, possibly in response to the coalition's objections to the hostile behavior of the previous project manager. The new manager worked closely with NGOs in the remaining year to implement a number of the communities' recommendations. However, precious time had already been lost in the preceding year due to the uncooperative attitude of project staff and inadequate oversight provided by WB management.

Not all of the communities' recommendations were met before the close of the project this past September. However, what is certain is that none of these changes would have come about had not the local community mobilized to challenge the WB and pesticide industry, with the support of a transnational network. Perhaps even more importantly, the farmers who conducted the monitoring have become politicized advocates of their communities' needs (some have even established new community organizations) and many have continued to investigate and question other development interventions in their villages. The campaign's achievements included progress in both the "do no harm" realm

(eliminating use of toxic pesticides) and the more elusive “do some good” realm (introducing training in ecological alternatives).

Other countries, other models

Before analyzing the strengths and weaknesses of the Indonesia model, I will touch briefly on other similar campaigns currently underway in the Philippines, China and West Africa.

Philippines

In the Philippines, PANNA established a partnership with PAN Philippines (PANPhil) and two local peasant associations, to monitor the impacts of the WB-financed “Agrarian Reform Communities Development Project” on the southern island of Mindanao. Unlike in Indonesia, Philippine partners devoted little attention to cultivating relationships with national government agencies or the World Bank’s Resident Mission. Their primary focus was rather in going directly to the field and establishing close relationships with the communities. This is not unusual in the Philippines, where polarization of the NGO community has led many groups to take decisive stands demonstrating their distrust of authorities. It is therefore extremely difficult to find groups willing to take a more nuanced approach and skilled in leveraging allies within government agencies to achieve campaign ends.

The early stages of the campaign looked promising, as strong commitments were obtained from the leaders of both local peasant associations and as the primary partner, PAN Philippines, had established credibility with the national networks of these peasant associations through decades of solidarity work with them during the Marcos era. However, after two years of work, PANPhil and their community partners have been unable to complete the field monitoring stage of the campaign and advocacy for project reform remains on hold.

In large part, the delays are due to the outbreak of military hostilities between government forces and separatist resistance guerrillas in the affected areas of Mindanao. Civilians were often caught in between and travel between villages became increasingly perilous. The community leaders found themselves torn between daily urgent crises and their earlier commitments to the World Bank campaign, with the former winning out.

However, weak elements in the campaign had emerged even before the military escalation. The quality of data collection and analysis proved inadequate for advocacy purposes; although community surveys provided a general picture of life in the affected areas, findings were often anecdotal or too vague to clearly delineate causal links between the WB project and the unsatisfactory conditions in many villages. The presence of numerous aid agencies in the region also blurred the lines of responsibility, but inconsistencies in the reports of local officials, WB staff and farmers were not thoroughly investigated.

Throughout the two years of the monitoring project, PANPhil was frequently called upon to participate in other advocacy campaigns. So unlike YDA which sent staff to live in the field throughout the monitoring process, PANPhil was unable to consult regularly with and provide immediate feedback to community partners during crucial stages of the campaign. At the same time, PANNA had chosen a lower profile in the Philippines and was less directly involved in local monitoring than we had been in Indonesia (a decision based in

part on PANPhil’s previously successful research experiences and their confidence regarding the WB monitoring project). While PANNA consciously avoided exerting additional pressure on our partners at what appeared to be a stressful period in their lives, the trade-off may well be the necessity of accepting the limitations of this unresolved campaign. A challenge for many transnational coalitions is in finding the balance between respecting the constraints and multiple commitments that all partners face, challenging each other to meet agreed-upon campaign objectives and acknowledging when a coalition may not be able to achieve its original goals.

China

In China, PANNA has recently initiated a third partnership in WB monitoring with the local Chinese NGO, the Center for Community Development Studies (CDS), based in Yunnan province. Together we are devising a strategy to investigate pesticide use in the WB-financed “Anning Valley Agricultural Area Development Project” in Sichuan province.

The advocacy model here will differ substantially from the Indonesian and Philippine models, due to the significantly stronger role of government (at both national and local levels), as well as the still relatively untested waters of advocacy by an emerging civil society. Most environmentally-focused community groups direct their efforts towards cleaning up local environments, rather than actually monitoring and evaluating government activity. Some precedence for citizens exposing industry and provincial government corruption does exist, which has on occasion resulted in national intervention on behalf of the environment and sanctions imposed against the guilty parties. A crucial factor appears to have been the argument made by environmentalists that these industries’ contribution to local pollution levels violated national environmental standards. Environmental advocates may choose therefore to emphasize the compatibility of their goals with government goals, rather than the recognition of civil society or community rights *per se*.

The WB monitoring campaign has already found it tactically necessary to engage the cooperation of World Bank staff in Beijing and the project manager, requesting their active assistance in introducing and legitimizing our monitoring activities to their local government counterparts. In some senses, we are relying on the Bank to create the “enabling conditions” for NGO activity and increased civil society participation—an ironic twist for an institution usually charged by NGOs with creating the “enabling conditions” for private sector exploitation of Southern country resources. Before we visited the WB project site, both PANNA and CDS devoted months to cultivating relationships at the Bank and with government agencies. We explored a number of possible roles for potential government and UN partners that would not compromise our independence but would both ensure access to field sites and facilitate subsequent project improvements, if needed.

A major challenge for this campaign will be to craft an appropriate advocacy strategy as the monitoring unfolds, particularly if we find significant policy violations and conclude that reform or transformation of the WB project is required. We face political risks that the monitoring work could be abruptly shut down if our findings are too critical, or else co-opted by authorities seeking to greenwash their project who may inaccurately claim that it has been “NGO-certified.” A further hurdle will be for the campaign to leverage our fragile new relationships within the Bank, Chinese government agencies, UN programs and local

communities to ensure that the WB project not only “does no harm” but even “does some good” by strengthening implementation of community-based sustainable development. In addition, PANNA and CDS still have a few differences in research approaches and strategies that we will have to resolve in the coming months.

Nevertheless, enormous potential exists to build a strong WB environmental advocacy campaign within China that can link with the larger transnational coalition of Bank and pesticide activists. The project can contribute to the growth of civil society networks and the development of independent monitoring capacity. It may also cross-fertilize different segments of China’s “sustainable development” population by sharing the participatory rural appraisal skills of the social and community forestry community with the technical and innovative farmer training skill of the “integrated pest management” community. If successful, the project could also build confidence among WB and Chinese government staff in utilizing participatory ecological IPM as an alternative to the pesticide industry’s model of input-intensive agricultural development.

Within the next couple years, the emerging model of our WB advocacy work in China should yield some very interesting lessons. In the meantime, PANNA continues to organize international strategy sessions, at which members of the WB campaign from Indonesia, the Philippines and in the near future, China, meet with WB and pesticide activists from Mexico, West Africa and other regions to share experiences and develop strategies for transnational cooperation.

Elements of successful transnational advocacy campaigns

These case studies illustrate a campaign strategy that combines grassroots organizing and community-based monitoring with national and international policy advocacy to obtain accountability and transparency in WB policies and projects.

They are also unique in that they provide a rare example of communities monitoring and challenging WB-financed *agricultural* projects. Unlike dams and other high-profile events, agricultural projects are rarely targeted by WB activists because they are typically spread over vast remote areas, implemented over the course of many years and deal with complex issues such as crop ecology, pesticide contamination and health. A coalition’s success thus depends on strong organizing capacity of its members, roots in or an ability to establish credibility with affected communities, expertise in a wide range of technical issues and capacity to translate the experience of hundreds of farmers into an effective and sophisticated policy advocacy campaign. As one group rarely has the full range of required expertise and resources, what becomes essential to an effective coalition is the combination of complementary skills sets, an open and transparent collaboration, a commitment to respecting each partners’ knowledge and capacities and, of course, a common vision with some degree of shared goals and objectives.

Strategies in transnational advocacy coalitions

Drawing upon these case studies, what can we conclude enables a group of farmers and NGOs to effect change in WB operations, despite the pervasive influence of corporations and vested interests?

Critical factors affecting WB advocacy campaigns include:

- Credibility of local voices (the very stakeholders whom the Bank is mandated to serve);
- Political “space” (e.g. enough freedom to operate without being crushed. Political space can be captured and preserved by the strength of an organized community or union of workers, support of large segments of the population, a few key sympathetic individuals in appropriate government agencies, legitimization from other institutions, etc.);
- External allies (e.g. strong transnational coalitions with national or international NGOs to amplify local voices, publicize local concerns in major media, intensify pressure at the WB, mobilize citizens of Northern countries, arouse and lobby donor governments, etc.);
- Media interest (in both borrower and donor countries);
- Legally binding policies (which enable activists to monitor compliance with legally binding standards and which often trigger community activism once the public has become aware of their existence);
- Internal WB support (the presence of a few key sympathetic reformers);
- Resources (staff dedicated to the campaign, information, funding); and
- Persistence.

Recognizing the importance of these factors can help identify some of the effective strategies and tools utilized in WB advocacy campaigns. As illustrated by the Indonesian case, a combination of strategies is required. These include:

1. Grassroots organizing by NGOs in borrower countries;
2. Mobilization of transnational coalitions with NGOs in both donor and borrower countries;
3. Joint development of strategies to influence key decision-makers, such as:
 - the World Bank’s own professional staff;
 - members of parliament, legislatures of donor governments (requiring activism by citizens of those donor countries);
 - borrower governments (a more limited opportunity, but with the potential to leverage project-level reforms);
 - individual Executive Directors and the Board of the World Bank as a whole; and
 - the World Bank’s Inspection Panel.

Tools that activists in WB advocacy campaigns have used include:

- Strategic planning (identification of goals, pressure points, methods, resources);
- Community organizing, group strengthening;
- Mass protests, demonstrations, symbolic actions (*especially for high profile projects such as energy projects*);
- Community monitoring, participatory action research (*especially for agricultural projects with long time and space horizons*);
- Transnational communications and joint actions;

- Media publicity and public education;
- International sign-on letters to influential figures and decision-makers;
- Negotiation (from positions of confidence and power).

The impacts of protest and mobilization around the devastating projects and corrupt activities of multilateral development institutions can have far-reaching consequences. In the Indonesian case, we have seen impacts at the community and project level, with initial inroads into the policy arena. These include:

Community-level outcomes

- Community empowerment;
- Community politicization;
- Increased community control over resources and decision-making;
- Community sharing of monitoring & advocacy skills, strategies; and
- Increased public debate over the effects of WB interventions and causes/justification for national debt burdens.

Project level outcomes

- Blocking or suspension of bad project loans (or harmful components of a loan);
- Reduction in social/environmental harm of a project (e.g. “do no harm” by eliminating hazardous pesticide use); and
- Implementation of solutions to problems (e.g. “do some good” by providing training in health and ecological alternatives).

Policy-level outcomes

- Application of existing policies to new areas or kinds of lending (such as structural adjustment lending);
- Creation of new policies to prevent future problems; and
- Establishment of accountability mechanisms to ensure policy compliance (e.g. incentives and sanctions for WB staff; a formal system of response to independent monitoring; restrictions on the WB’s corporate Staff Exchange Program with mechanisms for enforcement, etc);

Constraints faced by transnational WB campaigns

The success of transnational advocacy coalitions is limited by both internal and external factors. Some of the internal constraints faced by the WB pesticide reform campaign have included divergent priorities among coalition partners; over-commitment to multiple campaign goals; gaps in necessary skills; and inadequate resources (e.g. limited availability of staff and funds or interruptions in funding flows during the campaign). In some cases these constraints were overcome during the course of the campaign through internal discussion and capacity building; where limitations persisted, campaign goals were sometimes not fully achieved.

The efficacy of the campaign was also constrained by external factors, such as corruption and entrenched institutional inertia that militated against timely response to legitimate complaints by the affected communities. That the Indonesian swamps project could delay

acting upon farmers' recommendations for almost two years—without repercussion to responsible staff in the government or at the Bank—indicates a larger problem, namely that the Bank was ill-equipped to respond appropriately to third party investigations, particularly farmers' voices from the field. A timely response to communities' concerns should not depend upon the presence of a sympathetic project manager at the Bank, but be required in all Bank operations as a straightforward matter of policy compliance and public accountability.

To address this latter problem, the WB pesticide reform campaign has expanded its focus from field monitoring to lobbying for the establishment of broader institutional reforms to ensure that a community's monitoring efforts are acted upon in an appropriate and timely fashion. The coalition is now calling on the Bank to develop a comprehensive framework for monitoring and evaluation at the Bank—including the establishment of staff incentives, sanctions and direct lines of responsibility for resolving problems brought to the Bank's attention by communities or third parties. These institutional reforms are necessary to ensure effective supervision of projects, policy compliance and institutional accountability. Already a growing cadre of inside reformers, including the Bank's own Operations Evaluations Department, are voicing similar views. The coalition will harness support from selected Executive Directors of the Board who have an interest in ensuring that their taxpayers' contributions are utilized in accordance with the Bank's established policies. The creation of the Bank's Inspection Panel in 1994 also provides relevant lessons to the current campaign to establish additional accountability mechanisms.

Conclusion

The World Bank and other financial institutions are not monolithic but are complex institutions with many factions and many points of influence. Although corporations have already gained extensive footholds in these institutions, people's organizations have the capacity to expose, resist and overturn the corporate agenda. The formation of transnational civil society coalitions offers a powerful tool to activists seeking to replace the prevailing corporate-biased development agenda at these financial institutions with sustainable community-based development models instead.