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Bank – government – NGO

Three different levels of interest. Three different points of view. Although so many differencies, so many obstacles, the final goal is only one – society. The Global News presents an exclusive report on the Asian Development Bank action plan.

Looking for examples of bank engagement in creation of civic society we can point out the Asian Development Bank. The ADB has introduced the whole periodic plans of cooperation. One of the most interesting for our topic was *ADB-Government-NGO cooperation: a framework for action, 2003 – 2005.* The document was issued in May 2003 and covered all aspects of social actions, vision of collaboration, tools and challenges that stand in front of the Asian Development Bank. You can find the whole version of document on the following website: www.adb.org.

The framework, described in this document, says that it is rather a roadmap than policy or strategy, designed for medium and long term cooperation. It makes this document flexible, able to fit actions into current conditions and society demands. The framework is supposed to be a dynamic document with provision of regular updating. Bank can use full range of tools, support different social actions as well as undertake some steps to act alone. Essential aspects of cooperation come from the *roadmap* but possible steps are actually limited rather by reality of implementation than by any formality. Important is the vision that says:

Improved cooperation among the Asian Development Bank, NGOs and governments to reduce poverty in the Asia and Pacific region through collaborative efforts to promote pro-poor sustainable growth, social development, and good governance.

In order to introduce this scheme the ADB distinguished four key challenges that included need to:

a) strengthen NGO involvement in ADB-supposed activities;
b) enhance transparency and interaction through access to information;
c) strengthen capacities to support cooperation among stakeholders;
d) strengthen government-NGO cooperation.

The last point is the largest innovation in the whole document. For the first time the ADB decided to interfere in mutual relationships between NGOs and government in order to coordinate and support this collaboration for common wealth. Creating a legal framework of collaboration, the Asian Development Bank can contribute to strengthen NGO-government cooperation. What is more, ADB staff also participates in occasional meetings with government and NGOs or community representatives to help in resolving difficulties and differences between them as well as raising

mutual understanding and jointly prepare practical solutions. NGOs should not be perceived only as project implementators or troublemakers any more. There is a lack of trust that should be removed. Sometimes problems are posed simply by the lack of institutionalized mechanisms for dialogue and cooperation with NGOs. In those cases institutional support is essential.

The ADB wants also to implement greater mechanisms of NGOs involvement in the project cycle as well as in monitoring and evaluation of ADB polices. The NGOs participation in this process should provide positive input for the actions but on the other hand it will allow NGOs to gain invaluable experience, feeling of its mission fulfilment and engagement into moulding socially important projects.



Just People.

The Asian Development Bank decided to enter the path of transparency. *Good Practice Manual* has been always important document maintaining morale and ethical standards of staff and high quality service. Seems weird that the ADB did not have such an official document before and there was no wonder that it was changed. Currently the *Good Practice Manual* puts the highest pressure on the transparency of cooperation in order to encourage inquirers to collaboration. The ADB created the *Central NGO Database* which allows all public users to get access to profiles of NGOs that cooperate with the ADB. Users can find there also all documents that are available for public opinion. What is more, the ADB understands that the world is diverse and translates all the documents into lots of languages. It allows almost everybody to gain relevant informations.

The ADB has introduced also training program for its staff on participation and work with NGOs. Those courses educate employees and provide them with knowledge necessary for cooperation with NGOs in efficient way. Courses get them ready to provide NGOs with professional advises and institutional support. Well-trained staff is able to recognize NGOs that are doing innovative work in relevance to ADB operations and invite them into cooperation.

The Asia Development Bank has presented an extremely interesing action plan regarding bank-government-NGO cooperation. For sure we can state that this pioneering project determines standards for all financial institutions around the world. As one of the first the ADB gathered so many aspects of different-level-cooperation in one document. Today we can find similar frameworks but described document was a pioneer in Asia – Pacific region. It was one of the first institutions that implemented the whole program of cooperation with NGOs. Everyday problems that the Asian Development Bank faces are usually different than in high developed countries. Wide-spread poverty, political problems and authoritative governments make people blind to civic society problems. Therefore the cooperation with NGOs is especially important. Beside actions against poverty the ADB can work on supporting democracy and human rights. Non-governmental organizations have to play an important role recognizing society demands and possibilities of establishing of civic society.

Marcin Gajewski

We share a common world

About civic involvement, means of cooperation and functioning of ethical and ecological bank in Germany we are talking today with Falk Zientz, the Member of the Board of GLS Gemeinschaftsbank e.V.

GLS stands for "Gemeinschaftsbank für Leihen und Schenken", which translates as "community bank for loans and gifts". They were the first ethical and ecological bank in Germany. The bank was founded in 1974 and it currently finances around 5.000 projects and businesses. GLS focuses on cultural, social and ecological projects which try to tackle challenges in our society by developing creative solutions. What distinguishes the GLS Bank is not only the fact that the GLS invest their savers' money responsibly, but also that savers with the GLS can choose the area in which their money will be invested.



Urbanska team: How can the GLS Bank influence civil society?

Falk Zientz: GLS Bank facilitates civic involvement via donations, equity and the usual banking services. This contributes to the development of best-practice projects that can be expanded and copied. For example, citizens of a community that wanted to buy the monopolistic power network were provided with loans and venture capital. The monopolist doubled the price to prevent the purchase. To cover the price increase, GLS launched a donation campaign with Greenpeace and other organizations. The excessive purchase price was reclaimed through the courts and is now utilized by GLS as the "Stiftung Neue Energie" (New Energy Foundation) for innovations in this field. In the meantime, the project is nationwide well known for environmentally friendly power.

We are always pleased to support and expand such bank initiatives here and throughout central and eastern Europe.

Does GLS Bank conduct any CSR activities? What are they? Please give brief examples.

GLS Bank focuses on socio-economic and ecological responsibility in all of its activities. The bank does not earn money with socially irresponsible activities in order to turn around and spend it on CSR activities. In our view, such a policy wouldn't make any sense, since the lack of sustainability on the one side cannot be compensated on the other. Our activities include the following, for example: development of a microfinance sector in Germany, climate protection packages for small and medium-sized companies, the provision of access to musical instruments for every pupil in the Ruhr area, a dialog forum for key representatives of traditional and alternative medicine, the support of social entrepreneurs, and many others.

Do you cooperate with local government units while conducting CSR activities? What does this cooperation look like?

Civic involvement has priority. Once this basis is established, we then seek cooperation with state authorities. With regard to microfinance, all of the primary actors at the national level (ministries, development banks) are involved in the meantime. A current example at the community level: For the construction of a concert hall in Bochum, we established a foundation which is collecting half of the building costs of € 30 million from companies and private citizens. The city has promised to fund the other half. The aforementioned "An Instrument for Every Child" project evolved from a small, low-budget project to blanket coverage with considerable funding from the state.

What are the main points that a socially responsible bank should include in its code of ethics? Please specify.

My responsibility for my money must be transparent. Money is not merely figures on a bank statement or in a balance sheet; rather, it has socio-economic and environmental impacts. When people become more aware of this, they can act with greater responsibility. GLS Bank therefore focuses more on ethical individualism and less on hard and fast criteria. We do have negative criteria such as weapons production or nuclear energy. However, it is far more important that our customers can say, "My money should be invested in organic farming", and that our customer support staff build up genuine, trust-based relationships with the borrowers. We publish the names of our borrowers. Our investors can visit our borrowers and receive reports about them. The essential thing is to create transparency and awareness.

Is cooperation between banks and NGOs possible? Is it long-term cooperation? What does it look like?

A large proportion of our borrowers are NGOs - whereby a properly functioning NGO has all the characteristics of a company. In this regard we do not differentiate between NGOs and other corporate customers. Cooperation can take the following forms, among others: business accounts with credit cards, deposit accounts, investment in securities, old age pensions, charitable contributions or subsidies, loan financing, equity capital, or joint public campaigns and events.

Does GLS Bank offer any special products for NGOs? What are they?

GLS Bank offers NGOs the option of involving their members in financing. For example, if 20 NGO-members agree to donate € 40 per month for a period of 5 years, GLS Bank will immediately pay the NGO € 48,000. For the NGO, this is equity capital, as it will be repaid by the members. Hundreds of projects have been launched in this manner, and GLS Bank continuously implements similar models.

Does GLS Bank lend to NGOs? Are the NGOs able to repay the loans?

As an institution that finances NGOs, GLS has had very few defaults.

What does GLS Bank take into account when it assesses the credit standing of NGOs? Do you pay attention to the civic activity of an organization?

Based on its many years of experience, GLS Bank has particular expertise in the assessment of NGOs. It is a part of the NGO network. The assessment of the crucial personnel in the NGO as well as the viability of the sponsoring environment are primary criteria. Socially relevant and environmental goals are particularly important to our customers.

Do you conduct any advertising campaigns regarding products for NGOs?

Advertising is not important in marketing at GLS Bank. Due to our interesting work, we have an established presence in networks and in the media.

What are your feelings regarding cooperation with people from NGOs?

We rely completely on the commitment and the expert competence of the NGOs and are ourselves part of this network. We are not in separate worlds, but share a common one.



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