

**Annual Report
2004**

1. INTRODUCTION

The past year has been one of both unprecedented change and, at the same time, consolidation for the Project. The departure of two staff members, including the founder of the Project Alex Wilks, posed a significant challenge. The transition to a new team was guided by the presence of the strategic review conducted in the previous period. The review had praised the Project's work, and made a number of well-timed recommendations regarding change management, funding diversification and clarification of organisational status which have either been implemented or undertaken over the past year. The team looks forward to an exciting 2005, as high profile roles undertaken by the UK government offer an unprecedented opportunity to push for progressive change at the Bank and Fund.

Highlights of the past year include:

- Launching and taking a lead role in a major global initiative – the **International Parliamentarians Petition** - to enhance parliamentary scrutiny of the World Bank and IMF. 270 UK MPs have already signed on;
- Coordinating European advocacy efforts around the **leadership selection process** for the managing director of the IMF;
- Playing a leading role in convening **European IFI strategy meetings** in Italy and here in the UK; taking a similar role in **international IFI strategy meetings** in Penang and upcoming in Accra.
- Coordinating the '**Fawly Powers**' campaign to put pressure on the UK government to step up its calls for change at the BWIs in their 60th year.

2. ADVOCACY

"It is in week's like this [IDC hearings on the Bank and Fund] that I am most appreciative of the hard work that you and your colleagues at and beyond BWP do in terms of making information available."

- Alan Hudson, Committee Specialist, International Development Committee

Monitoring UK policy-makers

In 2004, DFID was allotted a major budgetary increase as part of the comprehensive spending review. In recognition of this fact, and thus of a need for greater oversight of the relationship between DFID and the World Bank, the Project prioritised UK government scrutiny in the profile for the new Policy & Networking post. Part of the responsibility of the Policy & Networking Officer will be to shed more light on the relationships between the institutions, both financial and otherwise, share this information with our networks and relay any concerns of our constituents about DFID's work. The Project continues to maintain regular contact with officials in the Department for International Development (DFID), the Treasury and the UK Delegation (UKDEL) in Washington who develop the UK's policy lines on World Bank and IMF issues, and facilitating civil society input in to these bodies.

Fawly Powers - Sixty years of the World Bank and IMF: ...don't mention the poor!

During September-October, the Project coordinated a working group of 8 UK NGOs which put on a series of events on the occasion of the sixtieth anniversary of the Bank and Fund. The overall goal was to raise awareness of the key role that the UK plays in the institutions, and therefore its responsibility for their reform. Events included a film festival, lectures at the Labour party annual conference, a talk at LSE, a book launch and a parliamentary briefing. The impact on DFID was tangible, with the Secretary of State remarking in a meeting that he 'hoped the French NGOs would do the same thing to their government', and positive informal feedback from a number of DFID staff.

Our UK-based advocacy work is yielding results. After nearly a year of on-again, off-again consultations facilitated by the Project, DFID released its institutional strategy paper for working with the World Bank over the next three years. Compared to previous versions, this ISP sets out more clear and measurable objectives. DFID has committed to including civil society in its review of these objectives with the World Bank. DFID will release its first report on its dealings with the World Bank in spring 2005, giving civil society a chance to press for greater parliamentary oversight of the relationship.

This year's International Development Select Committee hearing on the World Bank and IMF saw civil society representatives, including the Project, give oral submissions for the first time. In response to the BWP submission referenced by an IDSC member, the Secretary of State committed to increased transparency on a number of counts.

A greater voice for parliamentarians

In 2004, the Project initiated the 'International Parliamentarians' Petition' calling on MPs to support a greater voice for elected officials in the scrutiny of agreements with the IFIs. Work with UK NGOs Christian Aid, WDM and OneWorld Trust, together with the All Party Groups, has yielded nearly 300 signatures. A briefing was held with UK MPs on the petition; one is planned on the results of joint research with French and Canadian NGOs on best practices in managing relationships with the IFIs.

The total number of MPs signing the petition worldwide is expected to surpass 1000 by the time of the official launch of the initiative at the spring meetings in April – including MPs from Cambodia, Mali and Bolivia. A website has been established to track the global progress of the petition – www.ippinfo.org. The Project has begun work with petition organisers and others to suggest how the interest generated in the issue by the petition can best be harnessed for concrete calls for change. Plans are underway to establish a global secretariat which will oversee a longer-term strategy of improving civil society-parliamentary relations over international finance issues.

Tackling the democratic deficit at the top

Civil society was largely caught off-guard by the surprise resignation of Horst Koehler, former head of the IMF, in the early part of 2004. The Project quickly moved to fill a vacuum, bringing together European voices to condemn the process whereby the selection of the new head is neither transparent nor merit-based. A regional statement was drafted and sent to heads of state and MPs across Europe. Coordinated press releases drew attention to the 'one horse race' for the head of this key institution. Treasury staff have revealed that the pressure was effective. Chancellor Gordon Brown pushed for an unprecedented interview of the candidates, including a non-European. Similar work is now being undertaken over the selection of the next president of the World Bank.

There has been frustration with the lack of progress of South African finance minister Trevor Manuel's 'roadmap on voice issues' – reform of the unequal voting structures of the Bank and Fund. In response to UK civil society pressure coordinated by the Project, DFID announced support for an Analytical Trust Fund for African Executive Directors. By no means a solution, but a step in the right direction. IFID staff asked for Project input in to potential methods to overcome the impasse in reforming the structures of the institutions.

The Extractive Industries Review: frustration but progress nonetheless

The Project brought together a coalition of development, environment and issue-interest groups to press for the full implementation of the recommendations of the World Bank-commissioned Extractive Industries Review. Friends of the Earth UK took a leadership role on the civil society response to this study of oil, gas and mining. The EIR offered an opportunity to link the issues of resource extraction, climate change and impoverishment. In addition to discussions, debates and an action at the DFID offices, the working group coordinated a visit to the UK parliament by the report's eminent person, former Indonesian environment minister, Emil Salim.

The Secretary of State said that he had learned a great deal from his consultations with UK NGOs on the Extractive Industries Review, which had influenced the UK government position. The UK was widely praised for its emphasis on transparency and increased support for renewables. The Project hopes to use the lessons learned from work on the EIR and the momentum generated between different advocacy groups in the review of the International Finance Corporation's safeguard policies in 2005.

3. NETWORK STRENGTHENING

UK Bretton Woods Institutions network

The UK BWI network boasts some 75 individual participants from over 40 organisations. The Project facilitates input from this diverse group in to meetings with the Secretary of State for International Development, the Chancellor and the UK's Executive Director to the Bank and Fund before every Spring and Annual Meeting, and in to issue or process-specific consultations.

Responding to the findings of the strategic review, and to a feeling amongst members of the BWI-UK network that this forum was not maximising the effectiveness of civil society inputs, we have worked with the International Financial Institutions' Department (IFID) to improve our collaboration. IFID has committed to quarterly meetings with the Executive Director, and to better involve relevant civil society groups earlier in the policy-making process. The first of such quarterly meetings took place in December 2004. The Policy & Networking Officer will be maintaining up-to-date information on the BWP website on which DFID/Treasury staff work on relevant WB-IMF issues.

Euro-IFI network

The Bretton Woods Project was a central player in the establishment of this network in 2002. Over the past year, we were co-organisers of a strategy meeting in Italy, and then hosts of the following meeting here in Oxfordshire. Other UK groups played a key role in the logistics and substance of the conference. Highlights of the Oxfordshire conference included: building a better understanding of different positions on conditionality; coordinating follow-up activities to the release of the World Bank's management response to the EIR; preparation for a meeting with European Executive Directors at the Annual Meetings; and a learning session with a resource person from Amnesty International about how to use a human rights approach in increasing the accountability of the IFIs to affected citizens.

International IFI networks

"I would just like to say THANK YOU for the information you keep sending to me. I want to assure you that it is invaluable to me and my colleagues who keep struggling to understand the vast array of information out there that may have any relevance to our own country Uganda."

- Charles Oduka

As with the European meetings, the Project played a central role in the first international strategy meeting on the IFIs in Switzerland in 2002. The first follow-up to this meeting was in Penang, Malaysia in early 2004. The importance of creating a space in which civil society organisations could come together to discuss and debate the appropriate role of the IMF and World Bank and develop an overarching strategy in which to operate can not be underestimated. Key themes of the Penang meeting were: the need for more selective and nuanced engagement; the importance of reclaiming policy space; a call for clear objectives for BWI reform activities to avoid further 'mission creep'; and stronger accountability to

grassroots social and political movements. These lessons informed the Project's workplan for 2005, and will feed into the next international meeting in February in Accra.

IFlwatchnet: groundbreaking and growing

In recognition of the need to drastically improve the ability of civil society organisations working on the IFIs to network with each other and reach out to other communities, the Project initiated IFlwatchnet in 2003. After a successful pilot year, IFlwatchnet rapidly matured in 2004. The initiative now claims over 60 participating organisations, and its website garners over 6000 hits/day (or 1000 unique 'site visits'), bringing greater attention especially to the activities of its smaller, Southern-based participants.

A new structure was established with 'regional animators' providing support to new organisations in each region. Preparation was made for project hosting to move from BWP's offices in London to the Instituto del Tercero Mundo in Montevideo. Fundraising prospects are promising, and the network looks to increased support from Northern-based participants to ensure long-term sustainability.

4. OUTPUTS

Bretton Woods Update

"... the Tax Justice Network conducted a small-scale straw poll of people on what they thought was the best newsletter in terms of style and content, as a starting point for developing theirs – five of the seven people he asked named the Bretton Woods Update!"

- David Woodward, new economics foundation

The Project's flagship publication continues to attract accolades and readership continues to grow. 2004 saw the consolidation of the special features which were added in 2003 resulting from a readers' survey. This past year also saw the publishing of a special added-length issue providing a retrospective look at 60 years of the Bank and Fund, and the addition of a front-cover illustration.

Southern 'comment' pieces in 2004:

- *Life under the IMF's magnifying glass*, Zambian civil servant
- *Lula and Kirchner want IMF to relax grip*, Roberto Bissio, Socialwatch Uruguay
- *"Middle income country"? Over half live in poverty*, Susana Cruikshank, Equipo Pueblo, Mexico
- *Contradictions in the Bank's India strategy*, Benny Kuruvilla, Focus on the Global South
- *The private sector in Ghana's water – a strategy to serve or steal?* Rudolf Amenga-Etego, Grassroots Africa

All of the Comment pieces are available at: www.brettonwoodsproject.org/update/

Selected briefings in 2004

- World Bank, IMF: Helping peace or creating the conditions for war?
- The World Bank's knowledge roles: dominating development debates
- The Development Gateway: Biased, unaccountable and overpriced?
- The World Bank policy scorecard: The new conditionality?
- Macro-models for Poverty Reduction Strategies: comparison of key features

Briefings available on-line at: www.brettonwoodsproject.org/briefings or on request.

Website

After a major overhaul in 2003, 2004 was a year to let users respond to the changes. Informal feedback indicates increased usability and a more professional look. Average usage figures during 2004 were 12,000 hits/day or 800 unique 'site visits' / day. An update of the site based on feedback received is planned for 2005.

5. CONCLUSION AND CHALLENGES

Organisational challenges

With the separation of ActionAid UK and ActionAid International, BWP met with new ActionAid UK Director Richard Miller to clarify our organisational relationship. BWP continues to be highly valued by ActionAid and will continue to be hosted by ActionAid UK for the foreseeable future.

Both to increase the quorum and diversify the base of experience, the steering group was expanded in 2004. The Project was pleased to invite Zoe Young, Lyla Mehta (IDS), and David Woodward (nef) to join the group. ChristianAid returned to the group with its representative Olivia McDonald. Added to continuing members Andrew Scott (ITDG), Nick Hildyard (The Cornerhouse), Caroline Harper (Save the Children) and Patrick Watt (ActionAid), the group now numbers eight. No further changes are planned for 2005.

Due to a declining US exchange rate, the Project has suffered a considerable loss in its core funding from the US-based Mott Foundation. In the 2002-2003 period, this resulted in the loss of our buffer funds. For 2004-2006, this presents a gap in funding. After a concerted effort with the support of our steering group, we have come some way to resolving the issue. We are very grateful to those UK NGOs which have been able to increase their support to the Project. For the first time, the Project launched an individual appeal to readers of the Update. The response was encouraging, and garnered unexpected organisational support. All of this helps the Project towards its strategic objective of diversifying its funding base, particularly within Europe. Discussions continue to be pursued with a number of European foundations.

As ever, the Project has responded to requests for information or advice – too many to enumerate here - from members of our UK network and civil society organisations worldwide. Functioning as a resource and facilitator for our networks continues to be a key, strategic element of our workplan. Our advocacy work in 2005 will continue to focus on those areas which are both under-developed and for which the Project has relevant competencies: continuing our work on parliamentary scrutiny, strengthening the framework of rights and standards by which the BWIs can be held accountable, and counteracting the agencies' roles as arbiters of development knowledge.

We welcome any further questions you may have about our activities and look forward to continued cooperation.

Jeff Powell
Coordinator

Atieno Ndomo
Policy and Advocacy Officer

Lucy Baker
Policy and Networking Officer

6. SUMMARY FINANCIAL STATEMENT 2004

Expenditure

	<u>Budget</u>	<u>Expenditure</u>
Salaries	77,097	72,465
Travel	8,380	6,890
Computers and Office Equipment	600	782
Consultants (incl. publications)	10,300	10,318
Other Direct Costs	3,800	3,797
VAT	501	753
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Total	100,678	95,004

Income

CS Mott Foundation	55,000	68,662
The Funding Network	6,308	6,308
UK NGOs	35,000	13,441
Other	20,692	0
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Total	117,000	88,411

Opening balance 2004	35,682
Closing balance 2004	29,088

In-kind contribution

The above figures do not include the generous in-kind contribution of Action Aid. This comprises office space, lighting, heating, cleaning, security, meeting rooms, ad hoc posting and copying, phone and internet access, payroll and accounts.

In-kind (estimate)	22,000
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