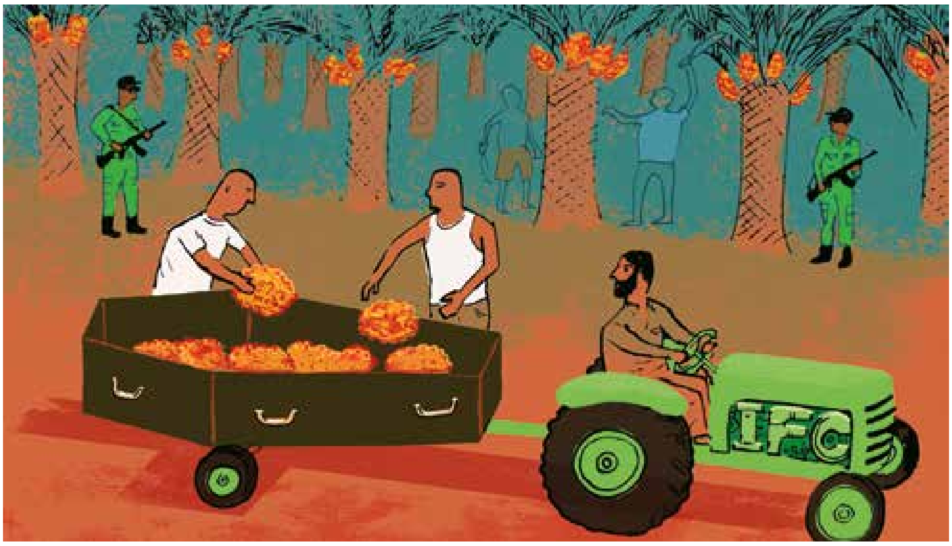
WINTER 2014

BRETTON WOODS project

BRETTON WOODS
observer
A quarterly critical review of developments at the World Bank and IMF

PRIVATE SECTOR analysis

IFC fails to act on human rights abuses in Honduras



CAO audit finds violations of multiple performance standards in loan to Honduran palm oil company Dinant

Audit report highlights systemic problems with IFC procedures

IFC rejects some audit findings and defends investment in Dinant

Civil society organisations call for investment suspension, comprehensive action plan and independent investigation

A January audit report has strongly criticised the International Finance Corporation (IFC), the World Bank's private sector arm, for its $30 million loan to a controversial Honduran palm oil project managed by Corporación Dinant. The audit by the Compliance Advisor Ombudsman (CAO), the IFC's accountability mechanism, was initiated in April 2012 due to claims that Dinant had been involved in human rights abuses, including the killing, kidnapping and forced eviction of farmers in the Bajo Aguán region, where the corporation's palm oil plantations are located and land rights are heavily disputed (see *Update* 85). The audit was finalised in October but Bank management held up its publication (see *Bulletin* Dec 2013).

The CAO report concluded that, among other things, the IFC's environmental and social "review failed to ensure that adequate consideration was given to relevant risks and impacts around" security personnel and indigenous peoples. The CAO found "no indication that IFC supervised its client's obligations to investigate credible allegations of abusive acts of security personnel", and found "no evidence that the communities living closest to Dinant's properties were consulted during the preparation of the environment and social assessment", a breach of the IFC's policies.

In response to the CAO, the IFC disagreed with some findings and took others on board without specifying which ones. It also defended its investment in Dinant and the company's human rights record. The IFC's proposed action plan included an investigation into alleged abuses, screening of security guards and the setting up of a corporate grievance mechanism.

The 32 Honduran civil society groups that form Plataforma Agraria condemned the IFC for "not consulting farming communities in the Bajo Aguán region affected by the actions of the Dinant Corporation before approving a loan to the company" and criticised the IFC's investment which "financed land grabs which displaced families and communities".

In a statement 70 Honduran and international civil society organisations, including the Movement of Unified Campesinos in Aguán (Honduras) and international NGO Oxfam, labelled the IFC's response to one of the most "damning" investigations ever issued by the CAO as "totally inadequate". It commented that the IFC "not only refuses to address [the] systemic issues, but compounds them with further attempts to cover up its wrongdoings". The statement called for "an admission of fault, a commitment to root and branch investigation and reform, and apology and remedy to affected communities". It called on the IFC to suspend further loan disbursements unless the "material and intellectual authors of the crimes and human rights violations have been brought to justice. If Dinant is found to be responsible then the IFC should terminate its relationship with Dinant immediately".

In this issue

The statement also called for the Bank to initiate an "independent investigation of the underlying systemic reasons identified by the CAO" to address the IFC's organisational culture which incentivises staff to prioritise financial results. Reportedly, the Bank board discussed and rejected the IFC's action plan in mid January, forcing a revision due in late January.

IFC culture ignores human rights

The CAO audit made clear that the IFC knew about the allegations of Dinant's involvement in human rights abuses during and after it had invested, raising questions about IFC's influence on its clients' behaviour. The case shows that non-compliance does not result in the IFC withdrawing investment. Furthermore, the IFC invested $66 million in Honduran commercial bank FICOHSA in 2011 despite Dinant being one of bank's largest clients.

Controversial investment in Agua Zarca dam shelved

The Central American Mezzanine Infrastructure Fund (CAMIF), a private equity fund due to receive an IFC investment, decided not to invest in the Agua Zarca hydropower project in Honduras. The dam is being resisted by the Lenca indigenous people who registered a complaint with the CAO in October following the killing of an indigenous protestor and legal intimidation (see Bulletin Dec 2013).

This led the CAO to start an investigation into FICOHSA in December 2013, which is due to finish in June. Revealingly the Inter-American Development Bank (IADB) withdrew a planned $7 million loan to Dinant citing the "political turmoil" following a 2009 coup and Dinant's "involvement in a controversy over real estate ownership".

The CAO report highlighted the IFC's organisational culture as a contributing factor for non-compliance in the Dinant case because of "conflicts of interest and conflicting incentives for staff and management." It noted results can mainly be judged in financial terms, incentivising "staff to overlook, fail to articulate, or even conceal potential environmental, social and conflict related risks." In a December article, Canadian academic Galit Sarfaty argued that the Bank's "employees do not systematically incorporate human rights concerns into their everyday decision making" and said "obstacles include the internal incentive system, which emphasises lending targets rather than results on the ground".

The Dinant case is the first test of Bank president Jim Yong Kim's approach to the private sector since heavy criticism of the IFC's plan to address CAO findings of negative impacts of the Tata Mundra coal power plant in India (see *Bulletin* Dec 2013). In early December Kim issued a statement aimed at civil society: "we will make sure that action plans developed by IFC address the issues identified by the CAO's reports."

tinyurl.com/csodinant

GENDER news

Bank criticised for overlooking care work

A November working paper by US-based NGO Gender Action and the UN University World Institute for Development Economics Research reports a wide gap between World Bank rhetoric and project implementation in the area of unpaid care work. The paper analysed 36 employment-related Bank projects approved from 2008 to 2012 in Malawi, Mali, Niger and Rwanda, finding 92 per cent "fail to explicitly account for unpaid care work in project design".

tinyurl.com/gacareconnection

ENVIRONMENT news

Environment trust fund goals conflict with Bank

A December Independent Evaluation Group report on the Bank's role in the Global Environment Facility (GEF) exposed mismatches between the two institutions' interests, which "over time, decreased the effectiveness of Bank Group-GEF collaboration". The Bank is also interim trustee for the Green Climate Fund (GCF, see *Update* 86). A November paper from Bangladeshi NGO alliance EquityBD argued that the Bank "is the sole agent of developed countries ... who never expect the Bank to relinquish the GCF".

EquityDB GCF paper
tinyurl.com/EquityBDGCF

US Congress threatens IMF and World Bank plans

US Congress blocks implementation of 2010 IMF governance reform

US to insist IFIs compensate victims of human rights abuses

US reps at IFIs to reject extractives, logging in tropical forests, and large dams

In mid January the US legislature passed an appropriations bill that has significant repercussions for the IMF and World Bank. Despite heavy lobbying by the US Treasury and think tanks in Washington, the bill did not include language authorising IMF governance reforms agreed in 2010. This stalls the implementation of those minor reforms (see *Update* 86, 82), and prevents negotiations continuing on another round of reforms, due to be agreed by the end of January.

Bank forest, dam projects blocked

In a far-reaching mandate, the legislature instructed the US representatives at international financial institutions to "ensure that each such institution responds to the findings and recommendations of its accountability mechanisms by providing just compensation or other appropriate redress to individuals and communities that suffer violations of human rights." It also spells out specific measures for communities affected by the Chixoy dam in Guatemala (see *Update* 86, 84), and the residents of Boeung Kak lake in Cambodia (see *Update* 81, 75).

Astonishingly, the bill mandates US representatives at IFIs "to vote against any financing to support or promote the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary/intact tropical forest as of December 30, 2013". They also must "oppose any loan, grant, strategy or policy of such institution to support the construction of any large hydroelectric dam" as defined by the World Commission on Dams.

While US votes against Bank projects will not alone stop them going ahead (see page 6), according to David Pred of US-based NGO Inclusive Development, the Bank "will need to think twice, because the Bank's largest shareholder has just made it the law of the land that the US will use its influence to ensure that these public financial institutions stop denying victims their right to an effective remedy."

RIGHTS commentary

Leaving behind the most vulnerable

The Bank funded conditional cash transfer programme in the Philippines

by Abner Manlapaz, Life Haven, Philippines

The World Bank's stated mission is to "end extreme poverty within a generation and boost shared prosperity," yet the design of many Bank-funded programmes leaves out those who are most vulnerable to extreme poverty. The conditional cash transfer programme (CCT) in the Philippines, also known locally as *Pantawid Pamilyang Pilipino Program*, is the flagship anti-poverty programme of the Philippine government that seeks to reduce extreme poverty and accelerate social development through the provision of cash grants to the poorest of the poor households. Yet the original CCT design fails to include disability despite the fact that people with disabilities are some of the poorest and most vulnerable people in the Philippines, who therefore must be able to benefit from Bank-funded programmes such as the CCT.

The goal of this CCT is to eradicate poverty by investing in education and health. The beneficiaries of the CCT need to fulfill certain conditionalities and in return will receive cash assistance based on their ability to comply. But the CCT programme design does not consider disability as an important factor that will influence if and how people with disabilities can fulfill the conditionalities. Households with members with disabilities experience barriers in complying which households without disabled members do not.

The three conditionalities of the CCT programme are: (1) children listed as beneficiaries must have an 85 per cent attendance rate in school; (2) children aged 0-5 must go to health centers for regular preventive health check-ups and vaccines; and (3) beneficiaries must participate in family development sessions which are designed to increase the knowledge of the beneficiaries regarding their responsibilities, children's rights, the role of children in the development of the community, gender equality, respecting the rights and culture of indigenous peoples, and reproductive health rights. Ultimately, these three conditionalities are very difficult for families with members with disabilities to meet, because of the inaccessibility of school facilities, the lack of school teachers capable of teaching children with disabilities, accessible public transportation, support services such as personal assistance, accessible health centers, and understanding of the needs and rights of persons with disabilities. Instead of enabling children with disabilities to benefit, the programme allows for them to be excluded.

The World Bank's environmental and social safeguard policies, currently under review (see *Observer* Autumn 2013, *Update* 85, 83), are designed to prevent and mitigate harms to stakeholders from Bank-funded projects. But, as the safeguards currently stand, the rights of persons with disabilities, mainstreaming, and inclusive development have not been addressed. Consequently, people with disabilities, over 1 billion people worldwide, who should be a key target population for World Bank projects given their susceptibility to poverty, are not systematically consulted or considered in the planning and design of projects and therefore do not benefit from these poverty reduction programmes. It is important to note here that indigenous peoples are covered under the current safeguards; therefore, the implementing agency within the Philippine government, the Department of Social Welfare and Development, was required to ensure that indigenous peoples were able to meet the conditionalities and thus would be able to benefit from the CCT programme. Just as indigenous peoples are covered under the safeguards so should people with disabilities so that no person is harmed by Bank projects or programmes.

Of all the policies of the Bank, the safeguards are some of the strongest determinants of how a project will be designed and implemented. To be meaningful, the safeguards must mirror the UN Convention on the Rights of Persons with Disabilities (CRPD). The CRPD sets the standard in protecting the rights of persons with disabilities. Establishing a framework for participation of persons with disabilities to ensure meaningful engagement and using different mechanisms to help implement the CRPD will ensure protection of their rights. In fact, Article 32 of CRPD says that international cooperation, including international development programmes, should be inclusive of persons with disabilities by facilitating and supporting capacity-building, including exchange and sharing of information, experiences, training programmes and best practices. As the Bank provides over $30 billion in assistance to developing and transition countries every year, it is imperative that its policies and projects that affect billions of people worldwide promote the inclusion of people with disabilities "by ensuring their equal protection and equal benefit" as mandated by the CRPD.

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Photo: the Philippine Coalition on the UNCRPD

October 2013 Manila workshop on disability and the World Bank safeguards review

ENVIRONMENT analysis

Kenya evictions: foreshadowing future Bank forest work?

Sengwer indigenous communities forcibly evicted from Bank-funded conservation area in Embobut Forest, western Kenya

2014-2016 forest action plan approval delayed until late 2014

Landscapes initiative announced at UN climate negotiations to be managed by Bank-housed BioCarbon Fund

Photo: FPP

Burning of Sengwer homes in Embobut evictions

In mid-January the World Bank's forestry record again came under scrutiny when 7,000 members of the Sengwer indigenous communities were in the process of being forcibly evicted from a Bank-funded conservation area in the Embobut Forest in western Kenya. UK-based NGO Forest Peoples Programme (FPP) argued in early January that the Bank-funded Natural Resource Management Project (NRMP) is implicated in the eviction and that the Kenyan government should return the $68.5 million loan to the Bank. Reports from local sources and Kenyan news media said several hundred houses with families' possessions were burnt. A Sengwer woman told FPP "the children and elderly people will end up getting pneumonia because we don't have anything to cover ourselves at night".

In early January, 40 civil society organisations, including the Global Forest Coalition and Greenpeace Africa, signed an urgent appeal to the Kenyan government and UN bodies calling on them to stop the evictions. In January 2013, representatives from the Sengwer indigenous group submitted a complaint to the Inspection Panel, the Bank's accountability mechanism, claiming the Bank had violated its policies on indigenous peoples and involuntary displacement. They argue the NRMP project changed the border of the Cherangany forest reserve so that it included areas where indigenous peoples live. This automatically made them a target for eviction by the Kenya Forest Service, who according to FPP burned houses and food stocks in 2007, 2009, 2010, 2011 and 2013.

FCPF methodological framework criticised

At a World Bank Forest Carbon Partnership Facility (FCPF), (see *Update* 84, 81) meeting in December a methodological framework was approved releasing $390 million to be used for pilot REDD+ forest conservation projects in developing countries. In November 40 NGOs, including the Rainforest Foundation UK, complained to the Carbon Fund that the framework "threatens both the rights of indigenous peoples and local communities" because it "does not require progress on securing equitable land tenure reform" leading to risks of "on-going tenure insecurity [and] land theft."

New forest action plan delayed

The World Bank's new forest action plan covering 2014 to 2016 was due to be signed off in early 2014. However, senior Bank management postponed approval until later this year to allow time to first implement institutional changes as part of the World Bank Group's new strategy (see page 5). The Bank is not preparing a new forests strategy but will build on the much criticised 2002 strategy. Civil society groups and the Independent Evaluation Group (IEG), the Bank's arms-length evaluation unit, have faulted the 2002 plan's continued support for industrial logging in tropical forests (see *Update* 84, 29). In February 2013 an IEG evaluation of the 2002 strategy concluded its objectives, including forest protection and poverty reduction, had not been met.

A leaked November 2013 draft of the new forests action plan takes a "landscapes approach", which according to the Bank "embraces activities such as protecting forests and other critical natural habitats, restoring degraded forest land [and] boosting agricultural productivity". The landscape approach includes a strong emphasis on supporting natural capital accounting in the forestry sector by developing tools and data with the aim of "leveraging the concept of natural capital for creating 'net positive' impacts" (see *Update* 81).

The draft plan focusses on five goals, including linking stakeholders to markets and enhancing environmental services. New areas of emphasis will include "climate-smart" land management, illegal logging, and local rights of ownership, use and access to forests.

The increasing focus on landscapes in mitigating climate change was an important trend that emerged at the UN climate change conference held in Warsaw in November 2013. The key announcement was the launch of the $280 million *Initiative for Sustainable Forest Landscapes* (ISFL). The ISFL will be managed by the BioCarbon Fund which was created in 2004 as a public/private trust fund housed within the Banks' Carbon Finance Unit (see *Update* 79, 77, 59). The ISFL will focus on "crowding in private companies that source commodities in countries with tropical forests" and will initially select four to six jurisdictions, starting with Ethiopia's Oromia state.

FPP briefing on World Bank investment in Natural Resource Management Project
tinyurl.com/FPPembobut

IFI GOVERNANCE news

World Bank strategy: untested innovation or more of the same?

Bank still pursuing one-size-fits-all approach, championing private capital

Country diagnostics commence without guidance or agreement on sensitive issues

In October 2013, World Bank governors signed off on a new institutional strategy, moving it firmly into the implementation stage (see *Observer* Autumn 2013). While the Bank aims to reduce absolute poverty to 3 per cent by 2030 (see *Update* 85), during its annual meetings in October Kim announced an interim poverty target of 9 per cent by 2020. In early November the Bank's chief economist Kaushik Basu concluded that current policies have not been sufficient in eliminating poverty and that "we have to be prepared to innovate."

A September paper from Matt Andrews of Harvard University empirically assessed the Bank's innovation in public sector institutional reform, finding a one-size-fits-all model: "The projects and interventions look remarkably similar across the very different sets of countries affected." In October, Jennifer del Rosario-Malonzo of Philippines NGO IBON International argued: "the Bank remains a champion of private capital, pushing for limitless growth in an ever-polarised world of haves and have-nots and exacerbating economic, social, political and other inequalities."

A November briefing paper, published by German NGO Urgewald and Chadian NGO Public Interest Law Center, said that the Bank strategy's focus on public-private partnerships, greater risk taking and transformational projects "are not new". It argues the Bank is: "ignoring the experience of [the Chad-Cameroon pipeline] project that was based on the key elements of ... the new WBG strategy." It concludes the strategy "appears largely focused on strengthening the [Bank's] competitiveness in a changing global context".

Internal reforms: only cosmetic

Bank staff told NGOs in December 2013 that country partnership frameworks (CPF) will be implemented from July and that all CPFs must be based on systemic country diagnostics (SCD, see *Observer* Autumn 2013). To phase in the work, SCD started in selected countries from December, despite the Bank not having approved guidance. NGOs questioned how SCD would deal with sensitive issues like corruption and human rights, with the Bank responding that it is still considering how to address these.

The Bank's new 14 global practices will be implemented in July, cutting one layer of middle management. One current Bank staffer, who wished to remain anonymous, complained: "There are only certain reporting changes, but no change in substance. For example, there are 220 or so staff who have the title 'education specialist', but ... are unqualified to help countries improve students' learning."

Urgewald, Public Interest Law Center paper
tinyurl.com/WBGstrat-lessons

PRIVATE SECTOR background

The IFC's development outcome tracking system

Since 2005 the International Finance Corporation (IFC, the Bank's private sector arm) has used the Development Outcome Tracking System (DOTS) to track the development impact of all its investments and advisory work. IFC investments are given an overall DOTS score based on their rating against a number of quantitative and qualitative indicators identified in four performance categories: financial performance, economic performance, environmental and social performance, and private sector development. The full breakdown of contributions will be released in March.

For full article, see:
brettonwoodsproject.org/ifc-dots

FINANCE news

IDA 17 record size, but down in real terms

$51.9 billion size includes $4 billion concessional loans; could represent an overall 5.7% real terms decline

UK £2.81 billion contribution makes it top donor; India secures transitional support

In mid December the World Bank announced a record $51.9 billion replenishment for its grants and concessional loans arm, the International Development Association (IDA, see *Update* 69), with 46 countries contributing, a drop from 51 previously.

Britain was the top donor with a grant contribution of £2.81 billion ($4.6 billion) plus concessional loans of £500 million. The US' $3.9 billion contribution was the second largest, followed by Japan and Germany. The Bank said that emerging market countries had "played a very large role" in the replenishment, . The full breakdown of contributions will be released in March.

The nominal figure includes non-grants and probably represents a decline in real terms (see *Update* 85). Media reported that up to $4 billion would be delivered as low-interest loans from donors to the Bank. Using the final agreed discount rate of 2.65 per cent, the grant element of those loans could range from $0.7 billion to $1.8 billion depending on the donors' loan terms. Taking out non-grant money would leave a headline figure of at most $49.7 billion. Using US dollar inflation rates to enable comparison, IDA 17 would overall be valued at $48.65 billion in 2010 dollars, and stripping out the non-grant portions using the most generous assumptions, at $46.5 billion. Those figures are respectively 1.3 per cent and 5.7 per cent less than the $49.3 billion agreed for IDA 16 in 2010.

The concessional donor loans proved controversial, with resistance to the loans idea coming principally from Nordic countries. The grant elements of the loans will affect IDA voting rights.

India passed the IDA graduation threshold, but according to the published draft of the IDA 17 framework, negotiators planned to approve transitional support. India would receive IDA funds at two-thirds of their previous rate. The final IDA indicators will not be published until spring. In November comments on the draft report, international NGO Oxfam asked for a stronger focus on inequality, more investment in education and for specific targets on the reduction of health service user fees and equity in access to health services (see *Bulletin* Dec 2013).

INFRASTRUCTURE news

Bank infrastructure support: "finance as extraction"

India pushes for the Bank's Global Infrastructure Facility to move forward

US votes against IFC investment in Saudi Arabian corporation over coal projects

Inspection Panel registers case on Nepal power transmission line, investigation postponed until April

Indian media has reported widely on the Indian government's push for the Bank's Global Infrastructure Facility (GIF, see *Observer* Autumn 2013, *Update* 86) to move forward. In early December a senior finance ministry official told Indian newspaper *The Economic Times* that the design will be discussed at the Bank spring meetings in April, with an aim to prepare the final proposal for the October annual meetings.

While the Bank has not confirmed this timeline, it has continued to drum up support for GIF. In an October *Huffington Post* blog, Justin Lin, former chief economist of the Bank, together with Kevin Lu, the Bank's Asia Pacific regional director, called for infrastructure to become a new asset class (see *Update* 81), "to find a home for the trillions of dollars of patient capital that is currently hunting for yield".

Furthermore, they argued: "A sizeable, global infrastructure platform like GIF … would play a catalytic role for this new asset class to emerge and to be further defined." Nick Hildyard of UK-based NGO Corner House said: "Transforming infrastructure into an asset class is about more than attracting investment, it is about finance as extraction… [and] sets infrastructure on a trajectory that favours the rich at the expense of the poor."

Infrastructure projects on the line

In a rare move, the US voted in December against an International Finance Corporation (IFC, the Bank's private sector arm) proposed $100 million equity investment in Saudi Arabian corporation ACWA Power International. The project aims include "increasing the share of renewable energy projects to 5-10 per cent of the company's power generation portfolio." The US argued that it is "troubled by the greenfield coal projects that make up part of the company's portfolio and proposed pipeline" and asked "to be on record as discouraging equity investments when a company's investment pipeline includes high risk projects such as coal." Despite the concerns raised, the project was approved two days later.

"deferring the investigation … is highly disappointing and ignores the grievances of the affected people"

Shankar Limbu, Lawyers Association for Human Rights of Nepalese Indigenous Peoples

Other infrastructure projects recently criticised include a power transmission line in Nepal. A July submission to the Bank's accountability mechanism, the Inspection Panel (IP), on behalf of 103 families from three villages, claimed that the project "was designed without informing or consulting with affected communities in Sindhuli District; its planned route … is likely to result in involuntary displacement and damage to cultural property". An October report from the IP deemed the request eligible for investigation and recommended that an investigation be carried out after April. Shankar Limbu of the Lawyers' Association for Human Rights of Nepalese Indigenous Peoples said: "The decision of deferring the investigation until April is highly disappointing and ignores the grievances of the affected people. In this status quo the perpetrators can complete the work, allowing for the continued violation of rights."

FINANCE news

IMF influence in Europe weakening?

IMF role in Europe changing as Ireland exits loan, Portugal exit likely in 2014

European parliamentary committee examining Troika lending

Troika Watch newsletter launched

In November, Ireland confirmed that it would be completing its loan programme without requesting a new loan from the IMF or other members of the Troika group of lenders. Ireland will remain subject to monitoring by both the IMF and the EU's rescue fund, the European Stability Mechanism (ESM), on a six-monthly basis. Reports in October suggested that the government had explored the possibility of a precautionary lending facility from the IMF alone but had been unwilling to accept a "swathe of tough conditions" that were required of it.

Though the Irish government described the loan as a success, Ashoka Mody, the 2010 IMF mission chief to Ireland, told the *Irish Times* in December that the "aggressive, single-minded focus on austerity by way of sharp tax increases and deep spending cuts at the expense of measures that might encourage economic growth … was analytically, practically and institutionally wrong".

IMF getting out of Europe?

The IMF's role in the Troika is changing as the development of eurozone institutional architecture make its role less crucial. However, Nuno Teles, a Portuguese economist, argued in December that "IMF assistance will always be sought" by the new European institutions when designing their own lending conditions.

The European parliament's economic and monetary affairs committee is currently conducting a probe into the Troika, focusing on the "non-transparent" manner in which decisions and agreements were reached between the Troika and borrowers. Sven Geigold, a German Green party MEP and committee member, said in October that the assumptions of the Troika "proved to be wrong in all bail-out countries". The inquiry will produce a draft report in January.

A European activist network launched a new 'Troika Watch' newsletter in December 2013 to "help connect struggles … and … strengthen resistance against austerity policies".

www.troikawatch.net

CONDITIONALITY analysis

IMF conditionality and its discontents

IMF subject of 20 per cent of global protests from 2006 to 2013

IMF influence resurgent in Tunisia, the Caribbean and Kenya

Pressure on governments comes through IMF loan conditions, monitoring, technical assistance and advisory work

Popular resistance to the IMF's role and influence appears to be growing in significance. A December study published by the Initiative for Policy Dialogue at Columbia University and German political foundation Friedrich Ebert Stiftung, *World Protests 2006-2013*, found that of the 843 protests examined in 87 countries, the IMF was a target of 168 protests overall, 20 per cent of the total. The report reveals that hostility to the Fund is not restricted to richer or poorer countries; 25 per cent of IMF protests occurred in high-income countries and 24 per cent took place in low-income countries. The study found that where the IMF is targeted, it is "for promoting a 'new Washington Consensus' that favours the interests of corporations, wealthy investors and the financial sector".

The research identified many local protests that included a global justice component as a key grievance, pointing to examples such as "tax policies promoted by the IMF". The bulk of protests focused on economic justice policies of austerity, and opposed austerity such as cuts to public services, reductions in labour rights, wages and working conditions. It also found 164 protests which included demands that international financial institutions (IFIs) should not interfere with national development policy and that current IFIs should be closed down and replaced with new institutions that promote development for all. The World Bank featured in only 2 per cent of the protests.

IMF unleashed: Tunisia, Caribbean

The IMF remains a key player shaping policy in countries via conditionalities imposed with loans or via the Fund's indirect influence.

In Tunisia, January protests erupted over tax hikes, including a 25 per cent increase in taxes on vehicles and other tax rises derived from IMF requirements for a balanced budget. An IMF spokesman declined to respond to journalists asking whether the IMF's recommendations contributed to the protests and instability. Though elections are still pending and a new caretaker government is being formed (see *Update* 86), negotiations are continuing with the IMF over payment of the next $500 million tranche of its loan.

In the Caribbean a number of states have recently turned to the IMF for support. Speaking to the Inter-Press Service in November, Jake Johnston of the US-based Center for Economic Policy Research described the Fund's changing role in the Caribbean, conceding that "in some cases they have been more lenient". However, he added that "when you are talking about developing countries what they are still pushing is from 15 years ago".

Grenada's debt payments in 2013 were equivalent to 250 per cent of its education and health budgets combined. In September, the Grenadian Conference of Churches released a statement demanding that the government "resist any pressure to increase taxes or to make further cuts to social, medical or educational services". The Conference met the IMF in October to propose a 'conference of creditors' to renegotiate the debts so that two-thirds would be forgiven (see *Bulletin* Dec 2013). Jamaica, which last year signed a new agreement with the IMF for a four-year extended finance facility, revealed in late 2013 that it is already suffering a worse than expected economic contraction and is facing a $9 billion revenue shortfall.

Controversy over Kenyan taxes

Kenya has indicated a desire for an "insurance" agreement with the Fund, as stated by its president during a visit to the country by IMF managing director Christine Lagarde in early January. In September 2013 the UK newspaper the *Financial Times* highlighted government "fears of a backlash" against IMF-backed tax reforms which had led to 16 per cent rise in food prices, plus rises in textbook prices and animal feed costs, given violent protests earlier in 2013. The Consumers Federation of Kenya warned in September that VAT is wreaking "extreme havoc on consumers, private sector and Kenya's economic outlook". The IMF's deputy director in the Africa department, Domenico Fanizza, told the *Financial Times* that it nevertheless backed the reforms, noting "we strongly believe in the VAT because you tax consumption".

World Protests 2006-2013
tinyurl.com/IMFprotests

Déjà vu all over again for indebted Caribbean
tinyurl.com/DebtCaribb

Kenya price rises stir fears of backlash
tinyurl.com/KenBacklash

Photo: Amine Ghrabi

Tunisian protesters a National Constituent Assembly meeting, August 2013

Recommended resources 2013

PAPERS

***Abuse-free development: How the World Bank should safeguard against human rights violations;* Human Rights Watch**
Illustrates Bank human rights failures in three case studies, and proposes that the Bank includes a human rights safeguard.
tinyurl.com/HRWabusefree

***Rubber barons;* Global Witness**
Shows how land grabbing for rubber plantations in Cambodia and Laos is being driven by two internationally-financed Vietnamese companies.
www.globalwitness.org/rubberbarons/

***Protecting power: How Western states retain the dominant voice in the WB governance;* J Vestergaard, R Wade**
Reveals how the "voice" reform process was manipulated, and discusses alternative voting power systems for the Bank.
tinyurl.com/protectingpower

***Assessing the effectiveness of World Bank Investments;* Gender Action**
Evaluates the Bank's integration of gender concerns in its investments, pointing out structural, financial and policy gaps.
tinyurl.com/WBgendereff

***The future we the people need;* FES**
Highlights the perspectives of new social, trade union and protest movements in regions that have experienced social upheaval due to recent crises.
tinyurl.com/FESfuture

***The age of austerity: a review of public expenditures and adjustment;* Institute for Policy Dialogue and South Centre**
Reviews public spending in 181 countries and calls for alternative policies for socio-economic recovery.
tinyurl.com/IPD-SCausterity

***Frontlines report: April 2013;* ITUC**
Illustrates how workers are at the frontlines of a war on their living and working conditions, including IMF attacks on collective bargaining.
tinyurl.com/ITUCfrontlines13

***A cautionary tale: the true cost of austerity and inequality in Europe;* Oxfam**
Argues that European austerity programmes have dismantled the mechanisms that reduce inequality.
tinyurl.com/oxfamausterity

***Do we need a mechanism for solving sovereign debt crises?* Ugo Panizza**
Discusses the need for a structured mechanism for dealing with sovereign insolvency, highlighting how the IMF undermines debt resolution.
tinyurl.com/sovereigndebtcrises

***The new debt vulnerabilities: 10 reasons why the debt crisis is not over;* Eurodad**
Looks at the new debt picture in the sixth year of the global financial crisis
tinyurl.com/eurodaddebt

BOOKS

***The World Bank, Asian Development Bank and human rights;* Sanae Fujita**
Argues specific human rights standards should be developed to hold IFIs accountable. Edward Elgar, ISBN: 978-1849804240

***Change and continuity at the World Bank;* Peter Hammer**
Demonstrates how the Bank's agendas are set by neoclassical economics, limiting reform possibilities. Edward Elgar, ISBN: 978-1781009260

***Foreclosing the future;* Bruce Rich**
Argues that the Bank, by funding projects that warm the planet and destroy natural resources, is hurting the people it claims to serve. Island Press, ISBN: 978-1610911849

***Women and austerity;* Maria Karamessini and Jill Rubery (eds.)**
Evaluates the impact of the financial crisis and austerity policies on women in Europe and the US. Routledge, ISBN: 978-0415815376

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humour

Bankspeak of the year 2013

Every year the Bretton Woods Project celebrates the most absurd and ridiculous use of words by members of staff at the World Bank and IMF. This year we recognise leadership at both institutions: the wind beneath Kim's chicken wings and Lagarde's request to be used.

In a May 2013 article, Bank president Jim Yong Kim took time out to comment on the important development that during the American football championship, the Super Bowl, "chicken wings were suddenly more expensive." Apparently nothing is more effective than fried chicken at getting Kim to ask "what can we do in agriculture to help stop climate change while still feeding the world?"

Top prize goes to an embarrassing letter found at IMF managing director Christine Lagarde's apartment by the French anti-corruption police. Addressed to the then French president Nicolas Sarkozy when she was finance minister, Lagarde reportedly told Sarkozy to "use me for as long as it suits you". This is not the first example of Lagarde's obscure use of words. It seems that 2013 was the year in which Lagarde's quest to become a world-renowned greeting card writer began. In a series of speeches, Lagarde told listeners that "islands rely on reeds, just as reeds rely on islands", "do not walk meanderingly in the snow" as well as reminding us that "the outsider doesn't know the path through the calabash trees." Inspiring indeed.

For longer versions of *Observer* articles with additional links, see brettonwoodsproject.org/observer

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BRETTON WOODS project
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