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

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Analysis | Private Sector

Bankability over needs: Development finance for whom?

- **A decade after launch of 'billions to trillions' agenda, World Bank doubles down on private capital mobilisation (PCM) despite persistent gaps in transparency and development impact**
- **As derisking instruments expand, weak disclosure of risk allocation and additionality expose governments to hidden liabilities**
- **PCM's current logic favours large, standardised deals over riskier interventions with greater development impact**

A decade after the launch of the 'billions to trillions' paradigm as part of the 2015 Addis Ababa Action Agenda, the World Bank is deepening its reliance on an unreformed private capital mobilisation (PCM) approach, despite it consistently falling short of the ambitions and promises of its supporters. The picture is bleak: low- and middle-income countries (LMICs) still show little structural transformation and the "middle-income trap" has proved durable rather than transitional. Layered on top of this is rising sovereign debt, falling oversees development assistance (ODA), and a persistent climate finance shortfall.

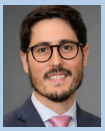
However, the Sevilla Commitment – adopted at the 4th UN Financing for Development Conference in 2025, relies heavily on PCM (see *Observer* Spring 2025), calling for its expansion, but also for instruments such as blended finance to ensure "financial and development additionality," to "share both risk and rewards fairly," and "follow relevant standards, be transparent and have clear monitoring and accountability mechanisms." This demonstrates some recognition that the PCM debate must shift from quantity to quality, as CSOs have long demanded.

The G20 – a consistent proponent of PCM – has yet to make that shift. The US – the current G20 president and the Bank's largest shareholder – is pushing this agenda further by aiming to "modernize financial regulation" in ways that support PCM, a push expected to continue through the UK's 2027 G20 presidency. This is consistent with its shifting approach "from donor to investor," which includes a strong PCM focus (see *Observer* Spring 2026) – albeit with recognition from the Foreign, Commonwealth and Development Office that such finance must be "targeted at the right places."

The PCM illusion: Political will, empirical shortfall

The political momentum, however, does not match the numbers. The Bank's own fiscal year (FY) 2026 results show private capital mobilisation more than tripling since FY22, to a record $112 billion – but these are topline figures only. UK based civil society organisation (CSO) Publish What You Fund has repeatedly found that MDB mobilisation reporting, including the World Bank's, typically discloses only institutional-level totals, leaving no way to verify whether volumes are genuinely "additional" or simply re-labelled commercial activity. This growth, moreover, is concentrated in upper-middle-income countries, where mobilisation more than quadrupled, while flows in low-income countries were merely "maintained at

In this issue

3  **From stigma to evidence: The World Bank's shift on industrial policy** by Marcos Vinicius Chiliatto

5 **Amazonian groups call for reform to financial architecture and end to extractivism** by Carola Mejia

6 **Civil society raises concerns about erosion of civic space at World Bank and IMF Spring and Annual Meetings**

7 **The new geopolitics of food demands a new economics of resilience** by Katarína Juríková

about $3 billion" – evidence supporting a longstanding critique that private capital bypasses the countries with greatest need (see *Observer* Summer 2025).

Undeterred, the Bank's response has been to expand its de-risking tools rather than rethink them. For instance, guarantee products have already surpassed their 2030 annual target, with $25 billion issued in 2026 alone – since being consolidated under a single platform at the Multilateral Investment Guarantee Agency (MIGA, the Bank's political risk insurance arm) to simplify access and speed up processing for clients. This is despite the World Bank's own 2018 guidance conceding that guarantees are "not usually subject to the same degree of scrutiny" as regular budget spending, are often unfunded when called, and can be triggered simultaneously in a crisis, just when public finances are already under strain.

Blended finance shows a similar pattern: IFC's cumulative blended concessional commitments to date since 2010 reached $6 billion – but granular disclosure remains weak. A 2025 ODI review found that the IFC discloses the subsidy proportion of the project cost but its subsidy rationale remains "fairly high-level and generic," with "incomplete or out of date" data – meaning even IFC's own disclosed figures can't be checked against the case for using them. The same sector-wide review found evidence of concessional finance flowing to one investor for 12 consecutive years with no exit plan, reflecting questions around the efficacy of blended finance initiatives more broadly.

Industrial policy in rhetoric, bankability in practice

Significantly, the Bank's focus on PCM has yet to deliver economic transformation, particularly as its derisking and capital-recycling tools are tilted towards investor priorities rather than improving state capacity. This tension sits awkwardly against the Bank's recent reversal on industrial policy (see page 3), conceding that market-oriented prescriptions have failed to deliver industrialisation. This raises an important question: what would it take for PCM to support structural transformation rather than private investors' portfolio growth?

East Asian miracle economies relied on tools the Bank discouraged elsewhere – protection of domestic industry, subsidised credit to selected industries, and low interest rates on private savings. Foreign capital worked for them because states could discipline it: they strictly regulated capital flows, restricted foreign bank entry to keep control over lending, and granted foreign exchange access as a reward for export performance (see Briefing, *The Bretton Woods Institutions in Asia*).

Yet the Bank consistently steers countries away from these tools. Its conditional lending, through Development Policy Financing, routinely requires deregulation and measures to expand the private sector's role (see Inside the Institutions, *What is World Bank Development Policy Financing?*), while its benchmarking indicators continue to reward market opening – its Business Ready (B-READY) report for example, scores economies higher the fewer restrictions they impose, including on foreign investment.

Maria Jose Romero, of Belgium-based CSO EURODAD notes, "The contradiction in World Bank policy is impossible to overlook. The Bank conceded that state-led industrial policy is vital, yet its actual operational machinery remains tethered to bankability. Breaking this cycle requires abandoning the private de-risking paradigm entirely and pivoting towards direct public investment, state-led industrial coordination, and greater national ownership of development policy".

News | Conditionality

IMF reaches agreement with Bolivia, as opposition to linked reforms grows

In July, the International Monetary Fund reached a staff-level agreement with Bolivia on a $1.9 billion programme. While Bolivia's Congress approved the arrangement in September, it still needs approval from the Executive Board before any money is released.

Bolivian President Rodrigo Paz has introduced market-oriented reforms, including cutting fuel subsidies and adopting a flexible exchange-rate regime. His government is also planning to loosen state control over energy and mining to attract foreign investment, breaking with previous leftwing governments. As *Bloomberg* noted in July, "The IMF program comes amid closer ties between Bolivia and the US."

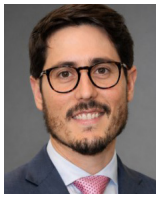
A 3 September *Reuters* article stated that opposition was "gaining traction as civic groups, unions and business leaders increasingly link fuel shortages and diesel subsidy cuts to... the financing agreement." In May, fuel subsidy cuts led to mass protests by labour unions, Indigenous groups and supporters of former leftwing president Evo Morales.

Patricia Miranda from regional debt network Latindadd argues, "These changes are coming in the worst economic context, causing high impacts on inflation and living costs. Expenditure cuts might include a social protection programme, but there are no further details yet on which priorities will be secured."

Surviving the pipeline? A critical analysis of the WBG's policy approach to gender equality and macroeconomic reform through the lending process

New briefing by BWP's Gender Equality and Macroeconomics Project, analyses how gender priorities move through the World Bank Group's policy and lending pipeline. Through an analysis of ten borrowing countries, the report's findings suggest that the Bank's gender agenda remains constrained by a broader development model that continues to treat macroeconomic policy as gender-neutral despite its profound implications for gender equality.

Guest Comment | Knowledge



From stigma to evidence: The World Bank's shift on industrial policy

Guest comment by Marcos Vinicius Chiliatto, World Bank Group Executive Director for Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname and Trinidad and Tobago

- **New World Bank report signals reversal of long-standing opposition to industrial policy**
- **Report shifts discussion from whether to undertake industrial policy to how to best do it**
- **Change enables Bank to support states as they seek to best pursue their development through industrial policy**

The World Bank has revised its opposition to industrial policies, and this should influence developing countries. A March report titled, *Industrial Policy for Development: Approaches in the 21st Century*, concludes that industrial policy is more replicable than previously assumed and it should be incorporated into the economic policy toolkit of all countries.

The World Bank gained prominence in Brazil by supporting *Bolsa Família*, Brazil's conditional cash transfer programme, during President Lula's first administration in the early 2000s, and helping replicate it worldwide. Its evidence-based approach learned from both successes and failures. Yet many of us questioned why this logic applied to social and other policies, but not industrial policies: there was an ideological barrier.

Brazilian industrialisation accelerated between the 1930s and the 1980s. After the crises of the 1980s, approaches opposing the role of states in development prevailed, consolidating the view that markets would drive progress. The so-called Washington Consensus, led by the World Bank and the IMF, recommended "pro-market" reforms, including financial liberalisation, privatisation and deregulation. Industrial policy became heresy. Since then, Brazil has faced a prolonged process of regressive specialisation and low productivity growth, in contrast to countries such as China and South Korea.

Some economists remain tied to the 1990s paradigm and resist industrial policy's potential to deliver sustainable outcomes. Today, the World Bank embraces a modern approach that applies past lessons rather than reviving 20th century models.

For more than 30 years, the Bank viewed industrial policy as costly and likely to fail. Its 1993 report, titled *The East Asian miracle*, treated Asia's successes as exceptional and difficult to replicate. The Bank then curtailed its own analysis, reinforced the stigma, and advised against industrial policies.

Now, in its new report, the Bank stresses that after three decades and in the face of broad historical evidence to the contrary, its previous approach is changing. The World Bank's then Chief Economist Indermit Gill acknowledged in March, "that advice has not aged well – it has the practical value of a floppy disk today."

The global economy has changed markedly since the 1990s. World income per capita is nearly twice its 1993 level, traditional growth paths have been explored, and education, institutions, inflation and macroeconomic management have improved. These shifts make industrial policies more replicable than previously assumed.

The Bank's revised approach to industrial policy

The Bank defines industrial policies broadly, including manufacturing, agriculture and services. The report analysed national economic growth strategies in 183 countries and found that every one of them targets at least one specific sector which counts as industrial policy under the Bank's definition. Moreover, last year, 80 per cent of the World Bank's client countries requested support from the institution for industrial policy.

The report prioritises instruments, recommending that countries start with low-intensity policies and scale up as capabilities grow. It states that tool selection should reflect market size, institutional capacity, and fiscal space, ranging from targeted measures such as industrial parks and training, to tariffs, subsidies, local-content requirements, technology transfer and trade policies.

Three limitations, in my view, of the report deserve emphasis. The first lies in the comparison between industrial policies in developed and developing countries, by mapping a supposedly greater use of these policies by developing countries without considering the measures implemented throughout the historical industrialisation process of rich countries. The second concerns the underestimation of the endogeneity between productive development, increased fiscal capacity, institutions and macroeconomic stability, which the report treats as independent variables. The third is a superficial analysis of public development banks, a topic that is particularly relevant for Brazil. BNDES, Brazil's development bank, contains broad evidence of its lasting effects on productivity and the crowding-in of private investment.

Even so, the question is not "whether to do it," but "how to do it well." And for the World Bank, industrial policy requires a balance between local market size, government bandwidth and fiscal space. Today, these criteria are within reach of more countries – including Brazil.

Before the report was published, the World Bank's Chief Economist confessed to me that he anticipated criticism from both orthodox and heterodox economists. No doubt this is to some degree warranted, since no report and no school of thought is perfect. Nevertheless, the good news is that stigmatisation of industrial policy is no longer part of the World Bank's approach. Going forward, the search for evidence and the adoption of good practices aimed at improving industrial policy will prevail. This shift by the World Bank should help Brazil and other developing economies to continue advancing in the development and implementation of their industrial policies.

Analysis Finance

Common African Position on Debt marks important effort to address structural flaws in sovereign debt architecture

- **Underscoring the importance of debt to Africa's future, Heads of State have agreed a Common African Position (CAP) on Debt**
- **The CAP on Debt builds upon other recent efforts to reform the sovereign debt system, such as the Borrowers' Platform**

In July, member states of the African Union (AU) adopted the Harare Declaration, which formally established the Debt Management Offices Network, a continental platform to "strengthen debt management capacity, promote peer learning, and facilitate Africa's coordination on debt-related matters," as part of the implementation of the Common African Position (CAP) on Debt adopted by African Union Heads of State and Government in February.

The CAP on Debt must also be seen in the context of other significant efforts to address the systemic flaws of the international debt system by the AU and others. These include the establishment of the Borrowers' Platform (see *Observer* Summer 2026), and an African Expert Panel (AEP) and following report, launched during South Africa's 2025 G20 presidency, reflecting the importance of debt governance to Africa's future, as noted by the African Center for Economic Transformation (ACET). Alongside these efforts, the AU convened the inaugural Debt Conference in Lomé, Togo, in May 2025, which resulted in the Lomé Declaration. "The Common African Position on debt emerged at a particularly important time in the continent's development trajectory," said Rob Floyd of ACET. "It reflects African leaders' commitment, while aligning with other important global and African initiatives", he added.

CAP seeks to address systemic flaws that hinder Africa's development investments

As the AEP report, UNCTAD, Afrodad and others have stressed, debt – which is often accumulated as the result of shocks beyond the control of African states, and increasingly held by private investors – is hindering investment in African states' development. According to 2025 data from the ONE Campaign, 32 African countries now spend more on external debt payments than they do on healthcare, and 25 African countries spend more on external debt payments than on education.

The development of the CAP on Debt reflects growing frustration with the current global debt architecture, including the G20's Common Framework, which has been widely criticised for being ineffective (see *Dispatch* Springs 2023; *Observer* Winter 2020), with the AEP report stressing that, "reform is necessary because uptake... has been poor and the results have been meagre. In Africa, only four countries... have applied for debt treatment under the Common Framework, and...none has completed a full debt restructuring." The ONE Campaign 2025 data substantiates the Framework's flaws, showing that it "relieved just 7% of the total value of external debt owed by at-risk, lower-income countries." In 2023, UNCTAD also stressed that the Common Framework has been criticised for, "not going far enough, in particular for an ineffective standstill rule requiring consensus, restricting the coverage of eligible countries, and the lack of obligatory private sector participation which allows non-participating creditors to benefit from regained financial strength."

Photo: A Paes/ Shutterstock

African Union representative speaks during a meeting at the BRICS 2025 plenary in Brazil.

News Finance

LIC DSF fails to respond to urgency of debt crisis

The press release announcing the IMF Board's decision on the review of the Debt Sustainability Framework for Low-Income Countries (LIC-DSF) was published on 21 September (see Inside the Institutions, *What is the World Bank & IMF debt sustainability framework for low-income countries?*).

Civil society organisations (CSOs) have called for debt sustainability to be based not just on the ability to pay creditors and avoid default at all costs, which typically leads to economic and socially harmful austerity measures, but to include spending related to development and climate goals, and for restructuring to provide space to absorb shocks.

Tim Jones of UK-based CSO Debt Justice said, "The review has adopted a quantitative definition of debt sustainability for the first time. But it makes no effort to analyse the human cost of debts being paid in full and instead is based solely on whether a debt can be paid. This blocks countries from getting debt relief who need it to meet development and climate goals. The review has also ignored the IMF's role in deciding how much debt relief a country should get when it is going through a restructuring process."

It is yet to be seen if the forthcoming staff guidance note will resolve these tensions, leading to concerns that the outcome of the review will only compound failures in the debt architecture.

Guest Analysis Land

Amazonian groups call for reform to financial architecture and end to extractivism

Guest analysis by Carola Mejia, Red Latinoamericana y del Caribe por Justicia Económica, Social y Climática (LATINDADD)

- **New Pan-Amazonian Social Forum (FOSPA) brings together groups from across the Amazon to confront threats to the region and its inhabitants**
- **2026 FOSPA called for reform of the international financial architecture, including the World Bank and IMF**
- **Demands include cancelling illegitimate and unpayable debt and new allocation of IMF SDRs to address climate crisis in Amazon**

The Amazon is a region shared by nine Latin American countries, representing more than 40 per cent of the world's remaining tropical rainforest. It is the planet's largest repository of biodiversity and home to the world's largest freshwater system. It also contributes to regulation of the global climate and provision of other services, such as water purification and carbon sequestration, and is considered a globally vital region.

However, the Amazon is also highly vulnerable to the climate crisis and has been threatened by the advance of extractive industries and illegal economies, which violate the rights of thousands of Indigenous Peoples, isolated tribes, Afro-descendant groups and other people who inhabit this territory and depend heavily on its forests, rivers and nature. Many extractive projects in the Amazon are funded by Multilateral Development Banks (MDBs) like the World Bank Group, the Inter-American Development Bank and the Development Bank of Latin America and the Caribbean, which in some cases prioritise the interests of private investors over the participation of Indigenous communities and efforts to avoid negative social and environmental impacts.

Since 2002, the Pan-Amazonian Social Forum (FOSPA) has brought together Indigenous Peoples, Afro-descendants, local communities, social movements, academia and civil society from the nine countries of the Amazon basin to coordinate efforts to confront the activities that threaten the region and undermine the rights of its inhabitants and of nature.

This year, from 16-21 August, the 12th FOSPA was held in Puyo, Ecuador. This region has been heavily impacted by oil and mining activity, such as that promoted by the recent IMF arrangement in Ecuador which, among other things, called for boosting oil production and mining expansion in opposition to the wishes of the local population not to exploit hydrocarbons and instead preserve nature. This decision was disregarded by the Ecuadorian government, which came under pressure from the credit rating agency Moody's to keep pursuing extractivism.

FOSPA XII demands action

This year FOSPA met to address the impacts of extractivism, the sovereignty and self-determination of Indigenous Peoples and nationalities, economies for life and climate justice, and the violence faced by women defenders in the Pan-Amazon region. Demands also centred on the role of external debt and the urgent need to reform the international financial architecture, including MDBs and the IMF – for their failure to mobilise concessional funding and serve the most vulnerable groups of the Global South instead of private capital largely from the North. The emergence of local initiatives promoting just transitions, alternative territorial models, and transformative economies was a key focus. This included agroecological initiatives led by women, like the project *Energia das Mulheres da Terra* in Brazil, healthy solar kiosks for educational purposes in Bolivia, and indigenous economies based on *Planes de Vida* (Life Plans), like the case of the *Resguardo Gran Tescual* in Colombia.

The resulting Puyuk Political Declaration identified complaints, demands and proposed action plans related to the international financial architecture and climate finance.

Complaints:

- Climate finance is difficult to access; it is provided under conditions that violate territorial rights and the processes of Free, Prior and Informed Consent in good faith; additionally, it is granted primarily in the form of loans that unfairly increase the already high levels of illegitimate external debt in our countries.
- FOSPA denounces the proliferation of false solutions – such as carbon markets, debt-for-nature swaps, among others – as well as announcements by Northern countries to reduce climate financing to prioritise war over life.

Demands:

- Cancellation of illegitimate and unpayable debts and the promotion of a sovereign debt convention at the United Nations, with equitable participation by creditors and debtor countries.
- Direct access to non-repayable climate finance and rejection of false solutions.

Proposed actions:

- For governments to demand a new issuance of IMF Special Drawing Rights to help address the climate crisis in the Amazon.
- Develop a guide on early warning systems to strengthen capacities to address debt-for-nature swaps, thematic bonds, carbon markets and other mechanisms aligned with false solutions.
- Select FOSPA representatives to participate in global decision-making forums on debt and climate finance.
- Demand information and transparency regarding debt, financing and investments from the Pan-Amazonian states and their creditors.
- Create a Pan-Amazonian Observatory on Funders and Corporate Power.

FOSPA XII revitalised and strengthened the coordination and collective action among Amazonian peoples, establishing itself as one of the main regional political forums for their demands and struggles. It took on the challenge of developing concrete actions – beyond the will of governments – to exercise peoples' self-determination, guarantee life and protect collective, human and nature's rights.

News | IFI Governance

Civil society raises concerns about erosion of civic space at World Bank and IMF Spring and Annual Meetings

- **Civil society letter criticises erosion of civil society autonomy in selection of Civil Society Policy Forum events**
- **Long-standing exclusion of CSO speakers from 'flagship' events and mounting visa issues contribute to hollowing out of civil society space**

Civil society organisations (CSOs) have raised concerns about shrinking space for civil society discussions that provide critical perspectives on the World Bank and IMF's policies and programmes, ahead of the Annual Meetings in Bangkok, Thailand, from 12-18 October.

In a 26 August letter signed by 52 organisations, CSOs expressed their "growing frustration with efforts to erode the Civil Society Policy Forum (CSPF) as a genuinely civil society-led space," pointing out that, "the Bank has begun using the management-chosen themes for the Spring and Annuals Meetings as part of the criteria for screening CSPF proposals, meaning that many important civil society priorities are being effectively de-prioritised."

The number of CSPF panel slots has also shrunk from well over 40 slots in 2019 to just 33 at the Bangkok Annual Meetings. The CSO letter added, "We are concerned that a number of recently selected CSPF panels have included government and corporate panellists with minimal CSO representation. Given...the near complete absence of critical perspectives from civil society at 'official events' outside the CSPF (a long-standing issue), we view this as a further hollowing out of the limited civil society space at the Spring and Annual Meetings."

However, following the CSOs' letter, it appears that the Bank did not use the official theme for the 2026 Annuals Meetings in Bangkok – private capital mobilisation – as a selection criterion for the CSPF programme released on 14 September, marking an apparent reversal of recent practice at the 2026 Spring Meetings and 2025 Annual Meetings.

Shrinking civil society space – unwinding hard-earned progress?

The effort to protect space for civil society within the Spring and Annual Meetings reached a critical juncture at the 2015 Annual Meetings in Lima, Peru, when CSOs wrote to World Bank and IMF management, urging them to protect the voices of civil society at the Meetings. Chief among their demands was "CSO autonomy over the proposal and theme of events to be held at the [CSO] Forum," the predecessor to the CSPF.

In the intervening decade, a CSPF working group of elected CSO representatives based on regional representation was created and tasked with selecting CSPF panels. The working group continues to operate today, and elections of a new CSPF working group are imminent, with a self-nomination process now open and due to close on 23 October. The newly-elected working group will play an important role in ensuring civil society space, particularly for more critical voices, at the Spring and Annuals Meetings remains intact.

"The CSPF is one of the few spaces where civil society can engage with the World Bank and IMF on its own terms and on issues that matter most to CSOs," said Caroline Vesey of US-based CSO Bank Information Center, who currently serves on the CSPF working group. "As Working Group elections begin, I encourage CSOs to run and vote for representatives who bring diverse, independent, and reform-oriented perspectives."

News | Conditionality

Protests in Pakistan highlight real-life impact of harsh IMF conditionality

In Pakistan, demonstrators have protested the high cost of living, calling for relief from increased fuel prices and rejecting the IMF's loan conditionalities. Since August, protests have focused on Pakistan's commitment under its IMF programme to introduce petroleum levies, raising the price of fuel for a population already struggling with cost-of-living increases, while energy supply has been impacted by the ongoing US war on Iran. Particularly considering rising oil prices, the Fund's approach to fuel related costs has become increasingly contentious (see Briefing, *Fuelling Inequality: The gendered impacts of World Bank and IMF fuel subsidy removal*)

The human impact of harsh loan conditionalities imposed by the IMF, including cuts to public expenditure to increase government revenue, often at the expense of the poorest and most marginalised communities, has been well documented (see *Observer* Autumn 2025), as flagged in a civil society letter to the Fund in September.

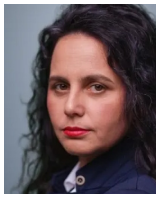
In May, it was reported that Pakistan's government had collected more money from the petroleum levy than its two ongoing IMF loans. As of 3 September, Arab News noted that Pakistan's government had agreed to hold talks with the religious political party leading most of the demonstrations, Jamaat-e-Islami, on reducing the petroleum levy.

The BWIs in Asia: Exploitation, path dependencies and persistent contradictions

The 2026 World Bank and IMF Annual Meetings are taking place in Bangkok, Thailand. It will be the eight time they are held in Asia since the early-1990s, reflecting the long-standing history and legacy of both in the region. People across Asia have suffered from the impact of BWIs' policies and prescriptions for decades.

In BWP's Special Issue, partners from IBON International, Centre for Financial Accountability, NGO Forum on ADB, and others examine the legacy of BWIs policies and prescriptions on pivotal issues, including industrial policy, accountability, the Asian Financial crisis, the future of energy, among other issues.

Guest Analysis Land



The new geopolitics of food demands a new economics of resilience

by Katarína Juríková, International Panel of Experts on Sustainable Food Systems (IPES-Food)

- **Recurring food crises, compounded by trade wars, aid cuts and climate breakdown, reveal system made fragile by decades of neoliberal policy**
- **World Bank and IMF structural adjustment dismantled farm support, leaving import-dependent countries, especially in Africa, exposed to volatile markets**
- **Public reserves, supply management and regional cooperation offer proven tools for "resilient self-reliance"**

Today, it is hard to say where one food crisis ends and the next begins. From the supply chain disruptions of the Covid-19 pandemic and the war in Ukraine, to the conflict in the Persian Gulf and the latest food, fuel and fertiliser price spikes, crises have come in waves, each compounding the last.

Trade wars, severe aid cuts and the deliberate dismantling of the multilateral rules-based system are colliding with long-standing crises: escalating climate and ecological breakdown, growing public debt, and deepening dependence on global markets and supply chains. This is a new geopolitics of food which has weaponised food, exploited dependencies for leverage, and exacerbated already high food prices (see *Observer* Summer 2022).

Yet the fragility of today's global food system is neither an accident nor an unfortunate side effect. Four decades of neoliberal policies of liberalisation, privatisation and deregulation have stripped food systems of critical buffers and public safeguards. Central to this strategy were the Structural Adjustment Programmes (SAPs) of the 1980s and 1990s, in which the World Bank Group (WBG) and the International Monetary Fund (IMF) imposed conditionalities on Global South countries, requiring them to cut public programmes to service debts. Governments were forced to dismantle state credit, agricultural support, guaranteed price supports, input subsidies and marketing boards. Local food production was sacrificed to make way for export-oriented cash crop production (see Briefing, *Hard-wiring hunger*).

These policies left countries highly dependent on imports of food and agricultural inputs and fragile global markets to feed themselve. The result is that, when disruptions hit, these countries pay the heaviest price. Africa, where many countries remain heavily dependent on food and agricultural imports, now has the highest hunger rates in the world.

Still today, despite the failure of these policies, the WBG and IMF continue to prioritise private investments and industrial agricultural production through the International Finance Corporation (IFC) – the Bank's private investment arm.

What works: Tools for resilient food systems

Recurring crises are the predictable consequences of a system designed to prioritise efficiency and profitability over resilience, and global market integration over food sovereignty. Yet, as governments are scrambling to respond, there are a number of tested tools that can reduce exposure to global volatility, such as market management mechanisms, which include public food reserves, supply management systems, marketing boards and production quotas.

India's public food stockholding system is perhaps the most striking example. By procuring rice and wheat at guaranteed minimum prices from smallholder farmers, maintaining strategic reserves, and using them to distribute subsidised food to low-income households, India's public food distribution system reaches roughly two-thirds of its population – nearly one billion people. And while the system comes with fiscal costs, those costs buy resilience: during the 2007-08 food price crisis, when world rice prices rose by more than 200 per cent, India's public stockholding limited price increases to just 16 per cent. Importantly, the system is embedded in law through India's National Food Security Act, enshrining access to food as a legal right.

Similarly, in West Africa, the ECOWAS Regional Food Security Reserve pools food reserves from member countries, sourcing grain from producers within the region and providing emergency assistance when crises occur. It demonstrates that resilience can be built collectively, through regional cooperation, shared public institutions and solidarity.

Canada and Norway likewise show that some advanced market economies continue to use supply management to stabilise prices and farm incomes in key agricultural sectors. Their supply management systems use production quotas and coordinated pricing to match supply more closely with demand, reducing the boom-and-bust cycles that characterise many agricultural markets.

Towards resilient self-reliance

Far from being relics of the past, these public tools remain an important part of resilient food systems. They point towards a necessary departure from the global market reliance that has dominated food security policy for the past decades, towards resilience to withstand shocks.

In IPES-Food's May report, *The New Geopolitics of Food*, we call this approach resilient self-reliance. Grounded in solidarity, equity, diversity and agency, it requires reducing dependence on volatile global markets by strengthening domestic and regional food systems, building local supply chain infrastructure, using market management tools to stabilise prices, supporting agroecological transitions, and maintaining fair and cooperative trade. As we enter a new geopolitics of food, lower income, import dependent countries are once again the most affected and the ones with the most to gain from leading the transition towards resilient self-reliance.

News Accountability

Turmoil at World Bank's CAO highlights need for reform of accountability processes

- **IFC Board's rejection of CAO findings in Cambodia microfinance case renews concerns over independence and effectiveness of World Bank accountability mechanisms**
- **Recruitment of Director for new Independent Accountability Mechanism, and ongoing IFC-MIGA Sustainability Framework review, are key tests of Bank's commitment to accountability and stronger safeguards**

The World Bank Group's (WBG) accountability architecture has faced upheaval amid plans to combine its two independent accountability mechanisms (IAMs; see *Dispatch* Annuals 2025). In August, Director General Janine Ferretti of the Compliance Advisor Ombudsman (CAO) – the independent accountability mechanism for the International Finance Corporation (IFC, the Bank's private investment arm) and the Multilateral Investment Guarantee Agency (MIGA, the Bank's corporate insurance arm) – announced her resignation in response to the IFC Board's rejection of the CAO's finding of policy non-compliance in a high-profile investigation into IFC-backed microfinance investments in Cambodia, which included Indigenous Peoples' land being used as collateral. In a June article, international nongovernmental organisation Human Rights Watch called out the Bank for "failing a critical test of accountability."

This resignation comes alongside the WBG Board's approval of the creation of a new unified Independent Accountability Mechanism in June, which will merge the CAO with the World Bank's Inspection Panel and Dispute Resolution Service. Civil society groups have warned that institutional restructuring alone will not address longstanding concerns about independence of the IAM, accountability and access to remedy (see *Observer* Summer 2026). The process to recruit a director general to lead the new IAM is ongoing.

IFC Sustainability Framework review needs robust update

The Cambodia case is just the latest example of harm caused to Indigenous Peoples and affected communities (see *Observer* Spring 2026), and occurs alongside IFC and MIGA's ongoing review of their Sustainability Frameworks (see *Dispatch* Springs 2026; Inside the Institutions, *IFC Sustainability Framework Review*).

On 8 September, 117 civil society organisations (CSOs), published a letter to the World Bank's Board calling for alignment of the frameworks with human rights.

Recourse's Daniel Willis commented, "the challenge for the new Director General will be to demonstrate that the new mechanism is truly independent, and has strong policies which make it accessible and effective for complainants. It's also vital that the ongoing revision of IFC and MIGA's Sustainability Framework brings alignment with best practice and international standards, and that these are more effectively implemented across all WBG projects."

News Environment

US pressure puts regional MDBs' climate finance commitments at risk

Amid an accelerating climate crisis, the US has been pressuring multilateral development banks (MDBs) to scale back climate action. In June, it successfully pushed the World Bank to 'retire' its 45 per cent climate finance target as part of negotiations to extend its Climate Change Action Plan (see *Observer* Summer 2026).

The US has also been pushing for changes at regional MDBs where it is a shareholder. At the African Development Bank (AfDB), *Reuters* reported in February that the US cut funding to the African Development Fund, the AfDB's concessional financing arm for low-income countries, citing, among other concerns, its focus on climate change. At the Inter-American Development Bank (IDB), US-based Bank Information Center reported in August that the US House of Representatives' fiscal year 2027 appropriations bill would condition funding for IDB Invest, IDB's private-sector lending arm, on removing its climate finance target.

This comes as MDBs climate finance is increasingly positioned as central to delivering the $300 billion annual climate finance goal agreed at COP29, despite civil society criticism of their climate finance record (see *Observer* Winter 2024).

Rajneesh Bhuee of international civil society organisation Recourse said, "Instead of dismantling climate commitments, shareholders [at MDBs] should demand more ambitious targets, stronger accountability, and a shift of finance away from fossil fuels and towards a just transition."

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