

World Bank intensifies trade work, but cancels conference

The World Bank has pledged to “intensify its trade-related activities” by increasing its research, training and advocacy at global and country levels. This was stated in a Bank paper which government ministers approved at the World Bank/IMF Spring Meetings in late April and in a speech by James Wolfensohn at the Least Developed Countries conference in Brussels.

The difficulties of this work area were swiftly reaffirmed when the Bank was forced to cancel a major meeting of academics and officials on globalisation under pressure from protesters. The Annual Bank Conference on Development Economics Europe—the third in a series—was to take place in Barcelona in late June, with speakers including Rodrigo Rato, Spanish economy minister, James Wolfensohn, World Bank President, Ernesto Zedillo, former President of Mexico and many academics from European universities.

A range of groups, under the banner of Campaign Against the World Bank Barcelona 2001, planned a series of activities including a counter-conference, fiesta and demonstration. They declared the cancellation of the conference “clear proof that citizen mobilisation can be decisive to change the current neoliberal model”. In contrast a Bank spokesperson compared the protesters’ actions to

attempts to “burn books to try and clamp down on academic freedom”. The Bank will now hold the meeting as an online video conference.

The ABCDE meeting represents part of the Bank’s work as a ‘Knowledge Bank’ on trade issues. It plans a large number of conferences as well as research reports and training exercises (see box). In recent years the Bank has signed a memorandum of understanding with the World Trade Organisation, been appointed to chair the Integrated Framework, a multi-agency trade policy capacity-building initiative and taken other steps to become more central to trade negotiations.

The World Bank has long been involved in trade policy issues through structural adjustment loans. Between 1981 and 1994 it made 238 loans that included liberalisation of trade or foreign exchange policy in 75 different countries. Since 1995, fifty-four additional IBRD and IDA adjustment operations (65 per cent of all adjustment operations) have supported exchange rate and trade policy reform.

But “many wto campaigners are too engrossed in their work to spend time on Bank issues and vice versa”, according to Raj Patel, working with Southern and Eastern African Trade Information and Negotiations Initiative. He said the Bank’s intensi-

fied focus on trade is an opportunity for activists to join forces rather than focusing just on one institution.

NGOs and researchers working on trade and on structural adjustment have begun to discuss how to respond to the Bank’s increased work in this area. They are questioning whose views the Bank represents, what evidence the Bank’s researchers listen to, and who they are empowering in their trade work. Groups plan to do more to alert one another about the research the Bank is doing in this area and link up with academics. The protests planned for the Bank/Fund annual meetings in Washington this September are also likely to feature the Bank’s work on trade. 

Leveraging Trade for Development: WB Role
 www.worldbank.org/springmeetings

ABCDE conference:
 www.worldbank.org/abcde-europe

Story on ABCDE cancellation:
 www.alternet.org

The Death of Development? The Converging Policy Agendas of the WB and WTO,
 Lisa Jordan, Bank Information Centre
 www.bicusa.org/publications

Trade policy portal
 www.WTOwatch.org

More links and resources:
 www.brettonwoodsproject.org/itopic/knowledgebank

Selected World Bank activities on trade

- 1) studies:
 - Policy Research Report on Globalisation;
 - Global Economic Prospects annual reports;
 - books on comprehensive WTO issues and agriculture, to include computer software policy analysis tools;
 - studies on services, TRIPS, and standards;
 - joint study with IMF on market access; See full listing at  www.worldbank.org/research/trade
- 2) training and advice
 - capacity building for WTO accession;
 - trade policy training through the World Bank Institute;
 - Foreign Investment Advisory Service;
 - advice and dialogue on the architecture of regional trade agreements;
 - studies for countries undertaking PRSPs examining key constraints to integrating into the world economy;
 - advice and support for trade policy reform through Bank Economic and Sector Work and adjustment lending.
- 3) credits and loans
 - finance, transport, telecommunications, trade facilitation and business services;
 - investment policies, regulatory reform and standards and services;
- 4) other
 - International Task Force on Commodity Risk Management in Developing Countries. See:  www.worldbank.org/springmeetings

“Does partnership mean compliance or dialogue?” asks President of Uganda— page 3

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Analysing poverty impacts

At their Spring Meetings the IMF and World Bank outlined plans to carry out social impact analyses when designing macroeconomic and structural reforms.

Starting this Autumn the Bank will pilot social impact assessments in a few countries, tentatively identified as Burkina Faso, Uganda, Mauritania, Albania, Vietnam and Pakistan. Before this there will be a stock-taking exercise in twelve countries to review the current state of knowledge on impact assessments with a view to developing a systematic approach.

Hugh Bredenkamp, IMF, said that the impact assessments would at first be “quick and dirty” but that experiences would lead to refinements in the process and deeper analysis, which will not be based on a modelling approach. The analyses will be carried out as part of the PRSP process and be on elements of Bank and Fund programmes. The Bank and Fund anticipate that the assessments will lead to more informed debate at the national level, assist with deciding appropriate sequencing and help to identify actions to limit anticipated negative effects.

The assessments will analyse selected policies, both macroeconomic and structural, and focus on impacts on the poor and vulnerable. Anis Dani, World Bank, indicated that it would be up to governments and civil society to identify which policies should be assessed. The Bank and Fund will also focus more on ex-post assessments to ensure there is appropriate follow up and an iterative eval-

uation process. Dani reassured NGOs that the assessments would not be limited only to aspects of income poverty and would be looking at how to assess other aspects such as empowerment and security.

Include the environment

NGOs suggested that the Bank and Fund rename the studies “poverty” impact assessments and also include the environment. The Bank says, however, that environmental impacts will only be assessed in a parallel process because methodologies are not sufficiently advanced.

Rather than produce a stand-alone document that will be published in full, elements of an impact assessment will be incorporated into various documents, such as poverty assessments, public expenditure, and development policy reviews. It is not anticipated that there will be any on-going involvement from civil society in the assessment process in terms of identifying alternative policy responses or ameliorating programmes. However, the Bank is committed to disseminating more of its analytical economic and sector work to facilitate public debate and choices in the PRSP process. ©

Concept Note Social Impact Analysis (SIA) of Macroeconomic and Structural Policies

www.imf.org

Reality check on debt

A new report from Drop the Debt argues that the World Bank and IMF can afford to cancel in full the debts of the poorest countries without putting at risk their finances. A World Bank and IMF report released just prior to the Spring Meetings agrees that debt sustainability is not guaranteed by the HIPC initiative because export and growth projections are likely to be too optimistic and new borrowing, including to fight HIV/AIDS, is likely to push debt burdens up quickly. However, Bank President James Wolfensohn argued that giving more debt relief would take resources away from other equally needy countries.

Reality Check

www.dropthedebt.org

Pakistanis walk out from WB ‘consultation’

On May 17, representatives of non-governmental and community-based organisations, academics, professionals and university students, walked out from a World Bank ‘public consultation’ on its Country Assistance Strategy in Karachi. They were protesting at the Bank’s failure to organise proper consultations. In a written statement protesters said “if the World Bank is serious, a thorough and frank discussion of past policies and strategy will have to be undertaken with representatives of civil society, prior to formulating new initiatives.”

www.brettonwoodsproject.org/topic/adjustment/

najmas@super.net.pk

SAP OD consultation process still unknown

During the Spring Meetings NGOs had a disappointing meeting with Joanne Salop, Vice President for Operations Policy and Strategy. She had been invited to discuss the conversion of the Operational Directive (OD) on Adjustment Lending into an Operational Policy (OP) and Bank Procedure (BP) (see Update 22). The new documents will be shorter than the current OD and will focus on issues such as country selectivity, track record, share of adjustment lending in total Bank lending, collaboration with the IMF, disclosure and participation. The specific policy wording in the current OD is likely to be removed from the new documents, which will instead require adjustment lending to support “good policies”.

Despite receiving a detailed letter from NGOs identifying key questions on the conversion and consultation processes, Salop was unable to answer many of them. Salop confirmed that there would be a series

of regional meetings based on an issues paper but the timetable is unclear and there are no plans to hold consultations on the draft OP and BP themselves.

NGOs were also concerned to know how disparate Bank work on the new Poverty Reduction Support Credit (PRSC), impact assessments for adjustment programmes and Bank lending in middle-income countries would fit with the new OP. Salop confirmed that policy on impact assessments will be included in the Operational Policy.

A SAPS Retrospective study, prepared by the Bank staff to feed into the conversion process is expected to be published in June. The IMF’s Board will discuss the staff’s issues paper in the summer. It is expected that the entire conversion process will take a year to complete. ©

For the NGO letter

kselvaggio@catholicrelief.org

Bolivian civil society sidelined in PRSP process

About seventy civil society organisations in Bolivia have signed a statement detailing concerns with the consultation and drafting process for the country’s Poverty Reduction Strategy Paper. The statement reveals that “what has taken place in Bolivia does not reflect a genuine concern for reducing poverty by means of participatory plans, programs, and policies” and that “in sum, the multilateral cooperation representatives are indifferent whether the [Bolivian PRSP] drafting process has been participatory or not”.

The NGOs question the credibility of the government’s growth forecasts

and whether growth will be poverty reducing when previous experience demonstrates that growth policies have created a more unequal society. The statement concludes that “The PRSP should be revised to include actions that are more proactive towards a fairer redistribution of income and substantial modifications to the economic model imposed by the structural adjustment policies”. Moreover, the statement warns that the strategy will be hampered by a lack of resources. ©

cedla@caoba.entelnet.bo

Demanding Dignity

A new report—*Demanding Dignity: Women Confronting Economic Reforms in Africa*—from the North-South Institute, Canada, examines African women’s struggles to deal with gender-bias in financial and economic policies. The report presents thirteen case studies from Togo, Mali, Burkina Faso, Nigeria, Zimbabwe, Uganda, Nigeria, Kenya, Chad and Ghana. It documents women’s experiences regarding gender and social justice in relation to structural adjustment programmes, Export Processing Zones, loan and financial services, and monetary policy related to agriculture and food security.

www.nsi-ins.ca/ensi/news_views/news27.html

PRSPs

Analysis of four completed PRSPs and twelve Interim PRSPs by World Development Movement finds that civil society groups are dissatisfied with the extent of public involvement and that IMF and Bank influence is weakening government ownership. It concludes that “the policy content of these strategies does not constitute a major change from the past. This is particularly worrying given the substantial body of evidence showing that structural adjustment programmes did not reduce poverty”. “A critical assessment of the predicted and actual impact of PRSPs on poverty is urgently needed.”

Policies to Roll-back the State and Privatise
www.wdm.org.uk/cambriefs/DEBT/PRSProllbackstate.htm

PRSPs just PR

Two new civil society statements have concluded that the PRSP process is simply delivering repackaged structural adjustment programmes (SAPs). It is not delivering poverty-focused development plans and it has failed to involve civil society and parliamentarians in economic policy discussions.

A statement from thirty-nine organisations and regional networks from fifteen African countries agreed at a meeting in Kampala, Uganda, in May that PRSPs were simply window-dressing to improve the IMF and World Bank's declining legitimacy. The content of PRSPs continues to put corporate rights before social, human and environmental rights. Rather than enable local people to decide their content, PRSPs meant more IMF and World Bank control "not only over financial and economic policies but over every aspect and detail of all our national policies and programmes", said the statement. In particular, the participants noted that the macroeconomic programme was still not open for discussion, and that "anti-poverty programmes are expected to be consistent with the neo-liberal paradigm including privatisation, deregulation, budgetary constraints and trade and financial liberalisation. Yet these ignore the role of international/global factors and forces in creating economic crises and poverty."

The statement details how problems with the process limit civil society participation, and notes that southern NGOs have been distracted from the task of opposing SAPs and the Heavily Indebted Poor Country Debt Initiative (HIPC). It calls for NGOs to "return to our own agendas and reinvigorate and further strengthen our engagement and work with people at the grass roots".

A French Position Statement on PRSPs signed by nineteen NGOs in March, points to the "illusion" of ownership. The statement calls for the international financial institutions and their major shareholders to cancel poor countries' debts, ensure the full participation of national parliaments and civil society organisations in macroeconomic reform discussions, and engage in a thorough reform of the international financial institutions. ©

Pan-African statement

● afrodad@samara.co.net.zw

French NGO statement

● agirici@globenet.org

🌐 www.globalnet.org/ifi

African leaders speak out against donors

At a forum in Lagos Nigerian President Olusegun Obasanjo accused the World Bank, International Monetary Fund and creditor nations of being unfair to developing countries trying to repay crippling external debts, reports Reuters (17/5/01). Nigeria is one of the world's most severely indebted nations with debt service payments due last year of more than \$3.1 billion, or 14.5 per cent of its export earnings.

"We believe we have paid," Obasanjo said. "When we paid, we deducted from our stock of debt. But our creditors deduct against the penalty, not the stock. So we keep on paying, and you keep saying we are not paying", he remarked pointedly to the IMF. "If I need \$3 billion, you say all that I need to do is open my house for foreign investment, you say the foreign investor needs

infrastructure. How do I provide infrastructure?" he added.

President Yoweri Museveni, Uganda, also launched an attack on donors at a Consultative Group meeting in Kampala. He told them he would not stand for them interfering in his country's internal affairs. "This business of 'we will not give you money because you don't dance this way; we will not give you money if you don't dance that way' is squandering the partnership [between the donors and the President]", he said. He warned that Africans could unite and fight donors "like we fought" the colonialists. "I don't know why you want to recreate all this tension all the time. Does partnership mean compliance, or does it mean dialogue?" ©

🌐 www.debtchannel.org

Malawi NGOs recommend PRSP improvements

Following a successful bid to extend the PRSP process in Malawi, the Malawi Economic Justice Network has appraised the process with a view to informing and improving the next stages. Their report concluded amongst other things that:

- Civil Society and Members of Parliament should be represented on the PRSP Technical Committee;
- a drafting committee should be formed made up of working group representatives, MPs, Civil Society Organisations and members of the Technical Committee;
- at least two national discussions of successive drafts should be held in advance of the final symposium, with documents

circulated well in advance to ensure genuine participation;

- a full-time PRSP secretariat should be established in the Ministry of Finance;
- regular PRSP updates should continue to be given to the press to keep everyone informed;
- establish monitoring mechanisms involving Parliament and Civil Society to ensure that the proceeds of debt relief are spent on poverty reduction this year in advance of the full PRSP.

For a copy of the appraisal report and a full list of recommendations

● mejn@sdnp.org.mw

New adjustment credit guidelines revealed

Impact assessments and participatory monitoring and evaluation processes will be key features of the World Bank's new Poverty Reduction Support Credit (PRSC) according to guidelines. The guidelines note that such approaches would require disclosure of President's Reports and tranche release memoranda. This is being considered as part of the Bank's disclosure policy review. The paper also recommends borrowers disclose their Letters of Development Policy (LDP).

Eligibility for the credit will be based on a sound poverty reduction plan and capacity and willingness to improve budgetary and public sector management arrangements. PRSCs will also require up-front implementation of specified social and structural reforms that are "critical" for the success of the programme. The guidelines state that an integrative, cross-cutting assessment of the country's social, structural, and key sectoral policies, which will include social and environmental impact assessments, will underpin the development of a PRSC programme. The President's Report will spell out how the policies and institutional reforms supported by the PRSC will contribute to the achievement of the country and CAS objectives, and what steps are being taken before and during the programme to prevent or mitigate adverse social or environmental impacts.

The first Poverty Reduction Support credit was agreed for Uganda in June. Vietnam is also being considered.

The European Commission (EC) has agreed to co-finance the PRSC. Indicators, objectives, timetables and conditionalities will be defined

jointly with the Bank, but the EC wants to put more emphasis on linking disbursements to outcomes. There will be joint EC-WB missions. Nineteen African countries have been tentatively identified for co-financing, and a multi-donor fund for public expenditure management and accountability has been established to which the EC will contribute over US\$1.5 million.

The PRSC guidelines will be kept under review and updated. Lessons from experience with PRSCs will be incorporated into the new Operational Policy and Bank Procedures for adjustment lending. ©

🌐 www.worldbank.org

"The Bank needs increasingly to be prepared to lend on substantial scales at times of financial emergency ... moments when leverage is greatest ... when there is the greatest malleability with respect of structural change."

Larry Summers, President of Harvard University, speaking at World Bank Country Director's Retreat, 2 May, 2001

Go with the flows?

A meeting, organised by Bretton Woods Project and Heinrich Böll Foundation during the World Bank/IMF Spring Meetings, discussed the linkages between financial liberalisation and poverty reduction detailed in a new report, *Go With the Flows? Capital Account Liberalisation and Poverty*.

Civil society, academic, World Bank and IMF experts agreed that more attention should be given to who gets access to private sector finance.

Jane D'Arista, Financial Markets Center, argued that capital account liberalisation (CAL) largely benefited the US, which gets cheap credit from countries holding dollar reserves. Moreover, most private finance was consumed by financial institutions in rich countries to fund their own activities such as investing in derivatives. She argued for credit allocation mechanisms in developing countries similar to those used in the US.

Isabelle Grunberg, a consultant for the UNDP, argued that CAL has reduced government revenue (even if some of this was unsustainable), which have not been substituted. For John Williamson, Institute for International Economics, a significant negative impact was the inability of governments to tax capital, which pushed the taxation burden on to the poor. He suggested finding ways to enable countries to tax capital abroad or through capital controls such as those imposed by Chile. Nancy Birdsall, Carnegie Endowment for International Peace, added that in the short run CAL is also a source of wage inequality, which impacts negatively on unskilled workers.

Amar Bhattacharya, World Bank, was sympathetic to the report's analysis and proposed that more emphasis should be put on appro-

appropriate safeguards to ensure countries benefit from CAL while mitigating the risks. The policy response must be appropriate and heterodox, he said: "countries must get into the pool with the appropriate life jacket".

Meanwhile the Bank published a report in May which argues for privatisation of banks, more foreign involvement in financial sectors and appropriate regulation and incentives as an effective formula for financial sector development. In a letter to the *Financial Times* (29/5/01), Bretton Woods Project argued that evidence shows that increased foreign ownership and deregulation of the banking sector would not necessarily achieve a healthy financial sector, or reduce the cost of credit or increase the access of poorer people. Governments have a vital role to play in ensuring that small businesses do not become excluded from credit. The Bank should be working with governments to find more effective, market-friendly ways for governments to do so and to promote investment opportunities in key poverty-reducing sectors. ©

Go with the Flows? Capital Account Liberalisation and Poverty Reduction

www.brettonwoodsproject.org/topic/financial

Finance for Growth, Policy Choices in a Volatile World

www.worldbank.org/research/interest/policyrespt.htm

IMF and WB wanted for fraud

Protesters carrying placards proclaiming "Africa Needs Liberation Not Charity" and "the Debt is a Fraud" gathered outside World Bank offices in London on 26 May to mark African Liberation Day. Organised by the African Liberation Support Campaign (ALISC), protesters heard speakers from across Africa condemning the Bank and IMF for committing genocide and robbery.

ALISC has launched the IMF & World Bank Wanted For Fraud Campaign

www.jamanthis@mailbox.co.uk

Progress with evaluation unit

Mr Montek Ahluwalia, a member of the Economic Advisory Council to the Prime Minister of India, has been appointed Director of the IMF's new Independent Evaluation Office (EVO). He will take up his post in August. He will be responsible for establishing the rules and mechanisms by which the EVO will function. NGOs have urged him to consult widely outside the IMF, particularly with civil society groups in countries implementing IMF programmes. NGOs have called for mechanisms to involve stakeholders in setting the Office's agenda, identifying consultants, and commenting on draft and completed reviews.

Slimmer IMF but fatter Bank

The IMF's efforts to streamline itself are likely to make little difference to countries implementing Bank and IMF programmes. Whilst the IMF is committed to withdrawing from areas in which it does not have expertise, it is assumed that the Bank will fill the space. Thus the overall scope and breadth of conditionality will remain the same. Moreover where the Bank is unable to deliver the required input in time, the IMF will continue to impose structural conditionality. It is hoped that mechanisms such as the PRSP, PRSC and PRGF will help to align and coordinate IMF and Bank programmes and make streamlining effective. However, these mechanisms do not yet exist for middle-income borrowers.

The IMF's conditionality review papers pay no attention to the policy content. This oversight is particularly significant given the IMF's new stated focus on poverty. An internal review carried out in 1997 showed that its adjustment pro-

grammes in the poorest countries had not achieved the priority objectives of balance of payments stability and growth, whilst indebtedness, inequality and poverty increased in African countries. Yet the same policies are being applied to achieve poverty reduction goals without any assessment of why they failed before and how they will achieve their goals this time.

The comments period on the conditionality review has been extended to 30th June. Submissions will be made public and staff are preparing a paper in response; this will likely be made public in August. Two seminars are planned for London and Tokyo in July. ©

Send comments to:

www.conditionality@imf.org

For Bretton Woods Project submission and briefing *Carrots and Sticks: a Quick Fix for IMF Conditionality*:

www.brettonwoodsproject.org/topic/adjustment

To lose one is unfortunate; to lose three is suspicious

After IMF Economic Counsellor Michael Mussa's resignation in March, two other senior IMF staff announced their plans to leave.

Deputy Director, Stanley Fischer resigned in early May, he ran the IMF in the interim before Managing Director Horst Köhler's appointment and was the architect of the recent bail-out programmes for crisis stricken countries. Jack Boorman, Head of the Policy Development and Review department, is also leaving.

Anne Krueger, former World Bank Chief Economist, has been appointed to replace Fisher. Instrumental in

promoting free trade and economic liberalisation during the evolution of the free-market "Washington consensus" and one of Bush's close allies, *Financial Times* called her "a controversial choice for many developing countries" (7/6/01). However, unlike US Treasury Secretary Paul O'Neill who has criticised the IMF, Krueger defended the IMF's role in resolving recent financial crises.

Köhler's favourite for the job, Tim Geithner, was rejected by Bush because of his closeness to the Clinton administration (FT). Instead, Geithner will replace Boorman. ©

Headhunting policy updated

The joint draft report from the Executive Board Working Groups reviewing the leadership selection processes of the World Bank and IMF recommends that candidates could be nationals of any member country, and that Executive Directors should agree on a shortlist and make an appointment by consensus. If implemented, the new process could offer more flexibility than the current process where European and US governments put forward candidates for the IMF and Bank leaders respectively. In practice there is nothing in the recommendations that would prevent powerful countries continuing to impose their candidates.

www.imf.org/external/spring/2001/imfc/select.htm

Russian advisors get new jobs

Martin Gilman, former IMF Moscow representative has been hired to teach economics by the Russian state-funded Higher School of Economics, while Anders Aslund, the one-time consultant and promoter of Russian privatisation, has been appointed to a World Bank team investigating the success of such programmes. "The advice they are so proud of inflicted more destruction than all the bombs the Allies dropped on Germany and Japan. And, if US demographers are to be believed, the human casualties were high too", commented John Helmer in the *Russia Journal*.

www.russiajournal.com/weekly/article.shtml?ad=4587

“NGO pressure” vital in private sector changes

The International Finance Corporation—an arm of the Bank Group which supports private investment—has released a new strategy. It reveals a number of significant changes in emphasis, notably an increased focus on social and environmental issues. It admits that its attention to such matters is partly the result of “pressure from NGOs, shareholders, and civil society and local communities which have begun to insist that their concerns be respected.”

The IFC promises “more pro-active engagement in the area of sustainability—to help ensure development that is viable over the long term in its financial, economic, environmental and social dimensions.” By doing more on the environment, corporate governance and social impacts, the Corporation aims to move beyond mere compliance with minimal “do no harm” Bank procedures.

The *Strategic Directions* paper, however, reveals continuing con-

traditions in the Corporation’s approach. The IFC is still very concerned with the financial aspect of its own balance sheet and is unsure what level of risks it should take. It is moving to adopt a more rounded approach to impact measurement, including a departmental scorecard. This is welcome, but it is unclear who will make the difficult judgements required to assess social impacts. The strategy in fact admits that “much of the

work determining the operational implications of the sustainability focus remains to be done” and hints that the understanding of “development impact” may move only marginally beyond contributions to economic growth and employment. An “annual client survey has been developed and is under implementation”, but it is unclear whether only corporate clients, or all stakeholders, will be interviewed.

NGOs will continue to challenge the IFC to go further on this agenda. And while the Corporation still pledges to “continue to push for reforms and privatisation on a wide scale” it is bound to remain controversial. This is especially so as it continues to gear up its work in the social sectors. ☹

IFC strategic directions:

☹ www.ifc.org/images/Strategic_Direction.pdf

See also:

☹ www.ifc.org/ngo

☹ www.ciel.org/ifccaseanalysis.html

IFC milestones on social and environmental issues

- 1993: IFC-specific environmental policy and procedure;
- 1994: IFC Information Disclosure Policy;
- 1997: Environmental Investment Unit established;
- 1998: Major strengthening of disclosure, environmental and new social policies and procedures;
- 1999: Compliance Advisor Ombudsman office established;
- 1999: Publication of Guide on Public Consultation and Disclosure;
- 1991–2000: Environmental and social staff increases from 1 to over 50 professionals;
- 2001: Publication of Community Development Guide;
- 2001: Launch of IFC Sustainability Initiative;
- 2001: Initiation of World Bank Group’s Review of Extractive Industries;
- 2001: Environmental and Social Issues in Private Sector Finance, IFC Lessons and Experience #8

Source: IFC Strategic Directions, March 2001

“More and more [unemployed young] people see migration to the wealthy zone as their only salvation. It is remarkable how unconcerned the World Bank, the IMF are about these trends. The Bank’s World Development Report for 2000 even said that rising income inequality ‘should not be seen as negative’ if the incomes at the bottom do not fall and the number of people in poverty falls”.

Robert Wade, Professor of Political Economy at the London School of Economics
The Economist, 28 April 2001, p.97.

Nigerians condemn IFC collaboration with Shell

IFC plans for a joint project with the Shell oil company in Nigeria have been condemned by Niger Delta-based community organisations and international human rights groups. The proposal involves a US\$15 million contribution to a fund to be managed in partnership with Shell Nigeria. The purpose of the fund is to provide loans to small and medium-sized local contractors working for Shell in the Niger Delta area.

When this became known in late May, just days before the World Bank’s Board was due to approve

the loan, Environmental Rights Action and other Niger Delta-based organisations wrote to the World Bank. They “expressed their shock that the IFC will ignore the safeguard policies of the World Bank in this project that will impact on the environment, livelihood and communal integrity in the violated Niger Delta area of Nigeria. It appears that the IFC has considered the profitability of the proposed investment and ignored the social and environmental costs to be borne by the communities of the Niger Delta area.”

They argued that the Niger Delta remains an extremely volatile region, where human rights violations and oil spills continue. The project would not lead to genuine development as “oil and gas contractors do not create jobs in a sustainable way. Contractors to Shell operate on a hire and fire basis, with workers forced to operate under difficult working conditions with very low wages”. ☹

☹ www.seen.org/nigshell052401/nig5-24-01.html

Chad Cameroon arrest

In late May Yorongar Ngarleji, a Presidential candidate and outspoken opponent of the World Bank-backed oil pipeline in Chad, was arrested. A press release from Survie, a French human rights NGO, and the German group Urgewald, called for finance institutions such as the World Bank to use their leverage and to condemn in the strongest possible terms the continuing violent and illegal actions by the Deby regime and to halt “all activities related to the Chad-Cameroon Oil Project until conditions are established that will allow this project to benefit the Chadian people.”

Indigenous leaders angry at World Bank, IMF

World Bank and IMF policies harm indigenous communities around the world and are a new form of colonisation, said delegates to the First Millennium Conference of Indigenous Peoples, held in Panama in May. “These organisations lack methods that draw on the indigenous world view,” with its essential aspects of respect for nature and all forms of coexistence. This “turns them into agents that undermine our cultures,” stated Biadilla Lino of the Nicaraguan Association of Mayangnas Women.

Source: Inter-Press Service

New briefings on Bank policy revisions

Forest Peoples’ Programme has produced three new briefings on World Bank policy reformulation processes (see previous *Updates*). They cover the Indigenous Peoples’ Policy, Forest Policy, and general policy reformulating issues. The briefings state that “despite assurances from the Bank that its safeguard policies are not being diluted, NGOs are finding disturbing evidence of policy weakening”.

☹ www.gn.apc.org/forestpeoples/briefings.htm

Ugandan dam letter

NGOs wrote to World Bank Executive Directors in late May urging reconsideration of the plan to back the Bujagali Dam project in Uganda. The letter stated that “the project is too flawed to go forward as planned, as it does not respond directly to the core needs of the vast majority of Ugandans. It is also likely to seriously impact Nile River fisheries. The project is likely to set off a wave of dam building on the White Nile.”

☹ www.irm.org/programs/bujagali/010530.flawed.html

☹ lori@irm.org

Privatisation of water not “pro-poor”, NGOs warn

Local and national resistance to putting the management and supply of water in the hands of profit-making foreign multinationals is detailed in a new review by the Globalisation Challenge Initiative. This shows the Bank and IMF pressing ahead with water privatisation worldwide, sometimes at the expense of the poorest.

NGO representatives from Burkina Faso, Ecuador, Ghana, Mozambique, Nicaragua and Tanzania discussed the issue at a meeting in Washington DC in April. The Ghanaian organisation Integrated Social Development Centre (ISODEC) called for a wider public debate on alternative approaches to improved water supply management, stressing that contracting services to private operators is not “pro-poor”. They referred to the Government of Ghana’s plan to lease the operation, maintenance and management of the urban water supply system to two multinational corporations, using World Bank support.

“The proposal to lease the urban water service to foreign multinational companies should not be the only policy option on the negotiation table,” says Rudolf Amenga-Etego from ISODEC. He suggests strengthening local or municipal management for urban as well as rural water delivery.

“The involvement of small private sector contractors in urban water service delivery could certainly be a part of public/private partnership. However, the proposed leasing of the urban water utility to foreign multinational companies raises a number of important questions” he continues. These questions concern tariff structures, the capacity of regulatory institutions, public accountability, affordability to the poor and volatility of foreign investment.

Bank-supported private sector participation programmes promote full cost recovery—the principle that people should pay the full cost of water, or go without. Yet, ISODEC estimates 50–70 per cent of the urban population in Ghana live in poor shanties dotted around the cities. Most of them earn less than one dollar per day. “The current water tariff rates that the government of Ghana

and the World Bank think are ‘below the market rate’ are already beyond the means of most of the population in Ghana,” says Amenga-Etego.

The World Bank’s team leader for the project in Ghana argues that assets will remain in government ownership. The goal of involving private companies, he says, is to minimise operational costs and therefore capital recovery costs. The Public Utilities Regulatory Commission will continue to set tariffs. This includes a minimum guaranteed water “lifeline” for low-income families—something actively promoted by NGOs, including those in the new International Water Working Group.

The NGO working group’s national counterpart in Ghana, the National Coalition Against the Privatisation of Water, consists of a broad spectrum of organisations in Ghana which is seeking to stop the World Bank-backed proposal to privatise the urban water service in the Accra metropolitan area. Commenting on the privatisation of water in his country, Filomeno Sta Ana, Forum for Economic Reform based in the Philippines says “it’s important to have civil society organisations monitor the private utilities and launch vigorous campaigns against unjustified tariff hikes.”

The World Bank is currently conducting a review of issues in the water and sewerage sectors. This will feed into a Water Business Strategy.

www.challengeglobalization.org/html/otherpubs/Ghana_Water.pdf

www.bicusa.org/ptoc/html/psiru_water.htm

www.ppiaf.org/conference/presentations.html

www.worldbank.org/water
jsaghir@worldbank.org

Bank ponders poverty report implementation

A recent Bank document sets out the plan for implementing the conclusions of the Poverty World Development Report (WDR). The report, published last September after much more consultation and controversy than its predecessors, recommended actions to increase economic opportunities for poor people, facilitate their empowerment, and enhance their security.

The paper says that “many of the changes in the Bank’s practices in recent years operationalise the content of the WDR, but important work is still required to integrate its ideas fully into the Bank’s business practices”. It lists the Bank’s *Strategic Framework* paper, PRSPs and new global public goods initiatives as examples of positive changes. It pledges that the Bank will “step up its focus on improving governance, strengthening public sector institutions and reducing corruption, increase participation in project design, implementation and monitoring.” Revised operational guidance for staff needs to be written in areas such as: Country Assistance Strategies, Adjustment Lending, Social Analysis, Institutional Analysis, Poverty Reduction, Emergency Recovery. There will also be new strategies on: Rural Development, Private Sector Development and Gender.

The Bank recognises that “defining the Bank’s operational support for empowerment is especially challenging”. A forthcoming Guidance Note to Staff on Empowerment will, however, suggest improvements to

participation in PRSPs, plus “actions to make information on policies, expenditures and their impact widely available”. New guidelines on Public Expenditure Reviews, and Institutional and Governance Reviews are being piloted. The Bank also pledges to provide support for the participation of poor people in global fora where key policy decisions (on trade, property rights, public good provision) are made. No details are given of how this will be achieved.

Whilst there are many worthy intentions and useful new initiatives in this report, the WDR does not seem to have informed the latest decisions on Bank budgets. A staff member in the Bank’s Social Development department commented: “we are getting substantially cut again (the third year in a row!). Another example of the gap between rhetoric and practice (budget allocations)”. The Board document on WDR operationalisation will be discussed by the Board on 12 June.

The pledges on the WDR are much less ambitious and detailed than a November 1999 paper produced by the WDR team. This outlined possible implications of the WDR’s analysis, including:

- Taking a much clearer and sharper view of the role of inequalities;
- Support for a global program of removing gender bias in legislation;

Operationalizing the WDR 2000/2001 can be obtained from the Bretton Woods Project
● info@brettonwoodsproject.org

Bank land reform strategy disputed

A new report from US campaign group Food First assesses the World Bank’s approach to land reform. It applauds the recognition by Bank economists that “extremely inequitable access to productive resources like land prevents economic growth”. However, Food First has “serious concerns” about the reliance on land privatisation and free market forces. These approaches are “fast bringing civil society into conflict with the Bank”.

The World Bank is taking the lead in promoting, and in some cases financing, comprehensive land tenure reforms in countries including South Africa, Guatemala, Honduras, Mexico, Columbia, and Brazil, the Philippines, Thailand, Indonesia and India. Concerns about the Bank’s approach include:

based resource management systems, leading to accelerated land degradation.

- Land titling, registries, and facilitation of land markets can induce mass sell-offs of land, causing increased landlessness, land concentration, and rural-urban migration.
- Offering credit to landless farmers to buy land at market rates may lead to only the most marginal and most remote plots being sold and leave new landowners with heavy debts.

The report recommends instead “reform from below”, as exemplified by the Brazilian Landless Movement which has seized 15 million acres of land in recent years. ©

Tides Shift on Agrarian Reform: New Movements Show the Way

www.foodfirst.org/pubs/backgrdrs/2001/w01v7n1.html

Take action:

www.foodfirst.org/action/cgar/
● foodfirst@foodfirst.org

Global health fund debated

A new global fund to combat HIV/AIDS, tuberculosis and malaria will be administered by the World Bank in collaboration with WHO and UNAIDS. Officially announced by UN secretary general Kofi Annan in May, discussions have so far focused on raising the US\$10 billion experts say is needed. Less clear are details on how it will fit into national processes and poverty reduction strategies.

Some NGOs, academics and officials are worried the fund reflects donors' priorities and the desire to apply "quick fixes" to complex problems.

Welcoming the fund in principle, Save the Children, UK, and MEDACT warn in a joint report that lessons of the past 30 years must be taken into account or "billions of dollars could be wasted". "Donor led programmes that focus on specific diseases rather than taking a holistic approach to building services and resources have contributed to the collapse of developing countries' health systems," comments Regina Keith, health adviser to Save the Children, UK. The report *The Bitterest Pill of All: The Collapse of Africa's Health System*, argues that a significant amount of any new global health fund should be dedicated to the long term strengthening of health systems. European Commissioner for Devel-

opment Poul Nielson also warns that, without efficient delivery systems, "there is a big risk of this whole discussion being hijacked by PR-politics in rich countries".

Kofi Annan has called on governments to generate "new money" for the fund and not just use existing development budgets. The money will be managed by the World Bank, and is likely to be channelled through national health systems and purchasing agencies to buy drugs and pay for disease prevention efforts. It may also create an advance purchase fund to encourage research and development on new drugs. A board will be created with government and UN officials, plus private sector and non-governmental representatives.

A similar World Bank-administered health fund, the Global Alliance for Vaccines and Immunisations

(GAVI), was set up in 2000 with a contribution from the Bill and Melinda Gates Foundation to provide affordable vaccines to children. Although UN agencies and donors have praised the initiative, a South Asian government official has pointed out "unrealistic expectations" that governments will be able to assimilate the costs of newer, more expensive vaccines when GAVI funding ends. The World Bank hopes, on the other hand, that the fund "will create a viable market in poor countries" for some of the new drugs.

"There are some difficult questions to be asked about these global health funds," says Dr Gill Walt, Professor of International Health Policy at London School of Health and Tropical Medicine. "It is my impression that little thinking has gone into the 'how' of such funds: who is going to choose beneficiaries, by

what criteria, what organisational mechanisms will be needed and how much duplication and undermining of existing organisations will result".

Based on the common argument that "people are poor because they are unhealthy, and unhealthy because they are poor", Professor Angus Deaton of Princeton University suggests tackling poverty rather than the "diseases of poverty" to break the vicious circle. He points out that the immuno-deficient diseases that many of the malnourished children die of are essentially the same as when they die of HIV/AIDS. "Yet we have a cure for malnourishment—money—while we don't know what to do about AIDS," he adds.

More details of the global health fund will be announced by the G8 summit in Genoa in July. ☉

Before the summit, the Bretton Woods Project will produce a briefing on the World Bank's health agenda and the new global health fund

www.brettonwoodsproject.org
Comments welcome to
info@brettonwoodsproject.org

www.savethechildren.org.uk/
pressrels/180501.html

www.medact.org

Gateway launch courts controversy

The World Bank will launch its Development Gateway internet initiative on 1 July. This site claims to contain all perspectives on virtually all development topics.

A new 11-page briefing from the Bretton Woods Project was released in April. It argues that the Gateway's editorial proposition is crazy, that the World Bank is taking all the major decisions, that site topics are being established in ways that are convenient for people who see the world through official development lenses, but which will downplay cross-cutting issues such as gender and climate change. The editorial approach, based on 'trusted' individuals or institutions who will filter information and opinions based on their 'quality' will prove controversial to many and probably unworkable if site traffic picks up. The moves to establish independent governance are too late, and

flawed by the principle that companies or countries can buy places on the Board by contributing five million dollars. Whilst some marginal changes have been made in response to criticism, the Bank is stubbornly refusing to reconsider the Gateway's basic logic and scope.

People who want to maintain diverse internet sources on development issues are planning to contest this World Bank scheme. Actions under discussion include: an open protest letter from "concerned scholars", a protest website, a running petition, and concerted lobbying of the World Bank's Board ahead of its 19 July meeting on the Gateway. ☉

A Tower of Babel on the Internet: The World Bank's Development Gateway, Bretton Woods Project, April 2001

www.brettonwoodsproject.org/
topic/knowledgebank
gdg@brettonwoodsproject.org

Enviro reviews question Bank performance

Two new official reviews examine the World Bank's efforts to protect the environment. They are being circulated just as the Bank nears completion of its new Environmental Strategy, to be discussed by the Bank's Board in mid-July.

A February report *How Far into the Mainstream? A Review of Environmental Issues in International Development Association Activities* found that there is increasing integration of environment concerns into project work, but that "mainstreaming the environment into the macroeconomic policy dialogue, as reflected in the CAS (and now the PRSP), has been slower and the achievements mixed". The report, by the Bank's IDA staff, says "there is clearly more to be done to ensure that appropriate attention is paid to the long-term sustainability of natural resource use and to the impacts of environmental degradation on development". Environmental Assessments are too project specific "often introduced too late in the project cycle to have major impacts on identification and design" and there is "inadequate follow-up during implementation". Thus "better measures of progress need to be developed for all aspects of environment work, covering both process steps and progress on the ground".

A leaked draft review (March 2001) by the Bank's Operations Evaluation Department is more critical. It argues that "what is missing is evidence of a clear, operational institutional commitment. And that is worrisome". Among the review's recommendations are to:

- ensure that the safeguard policies and standards for their implementation are clear and fully understood by managers and staff;
- define policies and practices for treating environmental issues in adjustment and programmatic lending;
- provide adequate independent funding for oversight of safeguard processes and shield compliance review processes and staff from conflicts of interest.

www.worldbank.org/
environment/strategy
www.worldbank.org/html/
oed/evaluation/

On 12-13 June 2001 the Royal Institute for International Affairs and Forum for the Future held a London workshop on "Increasing the contribution of international financial institutions to sustainable development".

www.riia.org/Research/
eep/eep.html

"The [World Bank] External Relations Department aims to [adopt] cyber-campaigning approaches using the Internet and mass electronic mail responses to reply to critics. The Global Development Gateway offers an opportunity for a quantum leap in the development community's ability to network online, and engage with new audiences."

Strategic Directions for External Affairs: Facing Challenges, Defining New Opportunities
World Bank, 26 January, 2001, p. 12

World Bank warned: don't meddle with media

In a World Bank consultation on the role of the media in development, Bank officials were told to stay away from media training and other direct influence over journalists. The criticism came from Frank Vogl, former World Bank Director of Information and Public Affairs. He suggested the Bank instead support NGOs and independent foundations to carry out education for journalists.

"The World Bank needs to understand it lacks broad credibility in this field, and its engagement is inconsistent with its own research that finds state media so wanting," Vogl said at the Washington meeting held in April. A recent Bank report on media ownership, prepared as background for the World Development Report 2001/2, found that state-owned media is "generally associated with less press freedom and fewer political and economic rights."

The money spent by the Bank on media training held in Washington could be used instead to develop country-based independent support mechanisms for journalists. Currently, the World Bank Institute runs media training sessions in Washington that hundreds of journalists pass through each year. Even their programme on investigative journalism, targeting journalists in Africa, Asia and Latin America, is partly run from headquarters as distance learning.

Yet many key documents that investigative journalists may need to understand their countries' economic direction remain hidden from public scrutiny, including many of the Bank's own documents. "The

World Bank neglects the role of national media in development," said Zimbabwean journalist Eunice Mafundikwa in a debate on the Bank's information disclosure policy during the Spring Meetings in Washington DC. She spoke of her frustrations and "countless efforts to access vital information from the Bank to feed into public debate".

Rather than addressing the Bank's own two-faced approach to the media, the Bank's recent consultation meeting focussed on how the media can support markets by helping to keep corporations and governments accountable. The media has been identified as one of the key "institutions" that can make markets work better in the Bank's World Development Report 2001/2 which will be launched in September. ☺

The Bretton Woods Project welcomes suggestions on journalists' information needs in relation to World Bank/IMF operations and policies. Please visit the new media site:

☺ www.brettonwoodsproject.org/media

and contact us for suggestions:

● info@brettonwoodsproject.org

☺ www.mediachannel.org/views/oped/vogl.shtml

☺ www.worldbank.org/wbi/governance/today_wdrmedia.htm

On the World Bank information disclosure policy briefing, see:

☺ www.bicusa.org/mdbs/wbg/info.htm

A draft copy of the *World Development Report 2001* is now available upon request from:

● rsugui@worldbank.org

Study urges overhaul of international institutions

A new study from the United Nations University (UNU), an autonomous UN institution based in Tokyo, calls for an overhaul of international institutions. *New Roles and Functions for the UN and the Bretton Woods Institutions* criticises the Bretton Woods institutions for being undemocratic while failing to promote development. This is partly blamed on their ideology "which does not recognise the importance of public action in coping with market failure." The study calls for greater transparency and public scrutiny of the IMF to make it accountable beyond just finance ministries and central banks. The World Bank also suffers from a "democracy deficit" according to the study, with "a very large proportion of the voting rights vested in a very small number of industrialised countries." The Bank

should "cease to be a moneylender and transform itself into an institution more concerned with development". This would require a reorientation in its thinking.

The study also suggests the formation of an Economic Security Council and a Global Peoples Assembly. Modelled on the European Parliament, this would run parallel to the UN General Assembly and serve as the "voice of civil society". The UN system should be modernised to take on more of the tasks that currently fall on institutions like the World Bank and IMF. "The world economy is much too complicated and interdependent for two or three specialised institutions to cope with," argued Deepak Nayyar, UNU author of the study. ☺

☺ www.unu.edu

Resource round-up

Bretton Woods Project

Go with the Flows. Capital Account Liberalisation and Poverty Reduction, April 2001

☺ www.brettonwoodsproject.org/topic/financial

A Tower of Babel on the Internet. The World Bank's Development Gateway, April 2001

☺ www.brettonwoodsproject.org/topic/knowledgebank

Carrots and Sticks, a Quick Fix for IMF Conditionality

☺ www.brettonwoodsproject.org/topic/adjustment

For short briefings on trade, health funds, and other issues, see our revamped and more frequently updated website:

☺ www.brettonwoodsproject.org

If you have poor web access, e-mail us on:

● info@brettonwoodsproject.org or contact us at the address below.

Other

New film about the Tobin Tax, from Films du mélangeur and ATTAC. *The Speculation Game* is for sale on VHS video.

UK orders

● stibbett@waronwant.org

International sales

● ozuchuat@films-du-melangeur.org

Charter 99 and the One World Trust global institutions accountability questionnaire

☺ www.charter99.org/action/questionnaire.html

Washington Post article on the approach to the World Bank by the new US Administration.

☺ www.washingtonpost.com/wp-dyn/articles/A30043-2001May15.html

Independent assessment on the World Commission on Dams and future global policy-making.

☺ www.wcdassessment.org/

Briefings on ADB advocacy issues prepared by the NGO Forum on the Asian Development Bank.

☺ www15.brinkster.com/ngoforum

The EBRD: a Decade of misinformation and secrecy April 2001 report by CEE Bankwatch Network

☺ www.bankwatch.org

Papers on poverty research methods from Cornell University meeting

☺ www.people.cornell.edu/pages/sk145/papers/QQ2.pdf

New draft World Bank private sector strategy, plus discussion forum

☺ rru.worldbank.org/strategy

Spoof of World Bank website from Social Justice Committee, Canada

☺ www.worldbank.org

Debt and Development Dossier, What Good Can Debt Relief and PRSP Do? The Case of Zambia, Bread for the World, April 2001.

● emccollim@bread.org

Eurodad Poverty and Structural Adjustment Update, Spring Meetings 2001.

● flemoine@eurodad.ngonet.be

Debt Reduction for Poverty Eradication in the Least Developed Countries, May 2001

☺ www.eurodad.org

International Monetary Fund: Few Changes Evident in Design of New Lending Programs for Poor Countries, United States General Accounting Office, May 2001

☺ www.gao.gov



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Bretton Woods Project

c/o Action Aid, Hamlyn House, Macdonald Road, London N19 5PG, UK

☎ +44 (0)20 7561 7546/7

☎ +44 (0)20 7281 2076

● info@brettonwoodsproject.org

☺ www.brettonwoodsproject.org

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