BRETTON WOODS update

A BI-MONTHLY DIGEST OF INFORMATION AND ACTION ON THE WORLD BANK AND IMF

WWW.BRETTONWOODSPROJECT.ORG

71

JUNE / JULY 2010

Debt crisis in Europe:
Beware of IMF bearing gifts

The descent of Greece into a sovereign debt crisis marks the first time a country that uses the euro has gone to the IMF. The fear of adverse market reaction has moved Europe towards greater coordination and the G20 to argue against continued fiscal stimulus.

ROBIN HEIGHWAY-BURY / THEIROGOOD

The IMF board approved a €30 billion ($35 billion), three-year loan for Greece in early May, which complements €80 billion being lent to Greece from eurozone countries. This €110 billion is treble the amount proposed in early April, reflecting the market's loss of confidence. Greece was unable to raise money from markets at affordable interest rates due to fears over an unsustainable debt and deficit burden. The first disbursements were made in time to stem a default on a Greek bond repayment due in mid May.

The loan is designed to keep Greece afloat for 18 months, before the country must again sell bonds to cover its fiscal deficit. With the EU-IMF loan, Greece's debt is projected to be nearly 150 per cent of GDP by that time. The IMF loan was equivalent to 4,200 per cent of Greece's quota in the IMF, the largest ever ratio of loan to quota size. IMF loans are typically around 300 per cent of quota.

The loans are conditioned on Greece enacting a devastating austerity package (see page 3). It prompted massive protests and public unrest throughout May, with Yiannis Panagopoulos, president of the GSEE trade union umbrella body, saying that strikes would "send a strong message of protest to the government and to the troika of the IMF, the European Central Bank and the European Commission that their neoliberal experiments on the back of Greek society are criminal."

Greece as the next Argentina?

The Greek crisis is provoking comparisons to the Argentine collapse of 2001 (see *Update* 26, 24). In early May Argentine president Cristina Fernandez said, "The recipe behind all this is almost identical. Municipal suppression, reduction in salaries and the tightening of belts, it is the eternal recipe of the international financial institutions."

High debt levels have led mainstream commentators to say that Greece, like Argentina, cannot avoid debt restructuring (see page 2). Because of Greece's lack of control over the European Central Bank, which issues euros, some have even likened Greece's predicament to developing countries that are forced to borrow in foreign currencies.

A March 2010 report from the University of London's Research on Money and Finance group argued that Greece's difficulties were exacerbated by the eurozone. "Monetary union has removed or limited the freedom to set monetary and fiscal policy, thus forcing the pressures of economic adjustment onto the labour market." The report recommended that Greece exit from the euro, restructure its debt, and reorient its economic policies toward social welfare.

What European social model?

Spain, Portugal and others are also in the firing line of markets and ratings agencies, meaning early and deep spending cuts, which caused massive protests to erupt in Spain in June. In early May, European finance minsters agreed a €750 billion European Stabilisation Mechanism to help countries in need of funds, of which €250 billion was to be provided by the IMF. They also discussed greater European regional control over individual member state budgets.

The IMF later clarified that there was no formal commitment to lend money, but merely an indication of its willingness to provide one-third of the resources in any operation, as it had for Greece. Developing countries are worried about the availability of IMF resources, as at end May it had only about €200 billion worth available. If the Fund needed money, it would have to get it from creditors by activating the New Arrangements to Borrow (see *Update* 65), implicitly giving those countries more say over Fund decision-making.

Other IMF programmes in Europe continue to be unpopular. Massive protests against 25 per cent wage cuts and layoffs in the public sector struck Romania's capital Bucharest in mid May. Ukraine's IMF programme has yet to get back on track after elections, and ministers there are threatening to turn to Russia for money if a new package cannot be agreed. The Serbian government's reported request to unfreeze wages and pensions was rejected by the IMF at end May, which agreed to only a one-off compensation payment.

G20 finance ministers agreed in June that "those countries with serious fiscal challenges need to accelerate the pace of consolidation." At a press conference IMF managing director Dominique Strauss-Kahn said that premature fiscal consolidation could shave as much as 2.5 percentage points off global growth and cost 30 million jobs. He was, however, "totally comfortable" with deficit cuts "even if it has some bad effect on growth".

Eurozone crisis

researchonmoneyandfinance.org/media/reports/eurocrisis/fullreport.pdf

The Greek crisis and the IMF —comment, page 3

IFI governance reform freezing over —page 4

Bank stumbles on clean energy —page 6

Resistance to Bank's role in climate finance —page 7

IMF's latest prescription: Cure the crisis with austerity

The IMF has gone back to promoting fiscal austerity and pressuring governments to implement spending cuts and structural reforms. Austerity also remains at the heart of the Fund's debt sustainability policies.

During a short period of the global financial crisis, the IMF seemed to be in favour of counter-cyclical fiscal stimulus packages. However, in February, despite little indication of a solid economic recovery, the Fund started to promote consolidation again. It called for comprehensive fiscal adjustment "when the recovery is securely underway" and for structural reforms in public finance to be launched immediately "even in countries where the recovery is not yet securely underway" (see *Update* 70).

Recommended consolidation policies are spelled out in more detail in an early June IMF working paper by Masato Miyazaki. Amongst the suggested instruments are the Fund's usual recipes such as privatisation, broadening the tax base, "rationalising" public services, and structural deregulation.

In calling for austerity, the Fund is in opposition to the advice of other international institutions. A 2010 International Labour Organisation report *Recovery with growth and decent work* warns of the economic and social dangers of imposing fiscal consolidation in the midst of an ongoing recession, especially when spending cuts and tax increases primarily hit people on low and middle incomes.

UNICEF in April posted a desk review of the latest IMF country reports from 86 low- and middle-income members, which found that "in two thirds of the countries reviewed, the IMF has advised to contract total public expenditure in 2010 and further fiscal adjustment in 2011 for all but a few countries." The UNICEF review argued against the withdrawal from fiscal stimulus when "social impacts of the economic slowdown are still felt in terms of rising poverty levels, unemployment, mortality rates and hunger." Although the IMF has advised governments to prioritise poverty reduction and social policies when cutting public spending, the review questioned how "this much needed spending [can] be adequately addressed in parallel to fiscal adjustment". After complaints by the IMF, the UNICEF paper has since been retracted.

Clients under pressure

The Fund's return to fighting crises with fiscal austerity is also reflected in the conditions attached to its financing programmes to various countries. The latest disbursement of $1.8 billion from Pakistan's November 2008 IMF loan is being withheld because of disagreement on the imposition of value added tax increases and fiscal tightening for 2010 and 2011.

Similarly, in Sri Lanka the IMF has refused to release $2.6 billion since February, because of the country's failure to meet the Fund's budget deficit target of 7 per cent of GDP for 2009. Under the terms of the IMF loan, the Sri Lankan government is required to cut the budget deficit to 5 per cent by 2011 by broadening the tax base whilst improving the investment climate, selling off public companies and cutting public salaries and pensions as well as subsidies for farmers. Policy impositions of this kind are in line with the IMF loan conditions in European countries (see page 1).

> **rising poverty, unemployment, mortality and hunger**

Austerity for debt sustainability

According to the UNICEF briefing, the main rationale behind the Fund's recent return to pre-crisis austerity policies is concern about fiscal and debt sustainability. At first sight, these concerns seem at odds with the IMF's April paper on debt sustainability. According to Fund's optimistic conclusions, the global economic crisis will not result in long-term debt difficulties across low-income countries with debt-to-GDP ratios returning to a downward trend by 2011 and 2012.

The Fund's rosy view of debt sustainability presumes both a fast recovery of demand in industrialised countries and fiscal consolidation in low-income countries. A May analysis by NGO Eurodad notes that, "if the assumption of a fast recovery is wrong, or if the countries in question do not follow IMF advice to cut back on fiscal deficits, debt forecasts are likely to worsen for several of these countries."

Moreover, the IMF's projections about the effects of austerity are based on certain assumptions. Øygunn Brynildsen of Eurodad explains that "despite the Fund's support for protecting spending on poverty alleviation, overall expenditures cuts including on investment and public sector employment could have detrimental consequences for long-term growth and development prospects."

With two rich countries – Iceland and Greece – likely to face debt distress in the near future, proposals for orderly debt restructuring could soon regain political attention. An early June policy briefing by the European Trade Union Institute proposes "a fair and transparent debt work-out mechanism" that could help Iceland and Greece and also ensure that developing countries in debt distress do not have to sacrifice their long-term social and economic sustainability. ◎

UNICEF report
www.networkideas.org/alt/may2010/Prioritizing_Expenditures.pdf

Recovery with growth and decent work
tinyurl.com/ilo-paper2010

Fair debt work-out mechanisms
www.etui.org/research/Media/Files/EEEPB/2010/2-2010

IMF bank tax proposals cause controversy

A leaked copy of the IMF's report to the G20 on *A fair and substantial contribution by the financial sector*, has been criticised by campaigners for inadequate analysis of the potential of the financial transactions tax (FTT), dubbed the Robin Hood tax. Instead, the IMF proposes two different financial sector taxes to cover some of the costs of the financial and economic crisis.

An initial draft of the IMF's proposals for how the financial sector could contribute to the costs of the crisis was discussed by G20 finance ministers in April, and a revised draft considered in early June. A final report is due to be submitted to the 26-27 June G20 heads of state meeting in Toronto, Canada. The leaked version does not focus on the overall costs of the crisis, including unemployment and economic contraction. Instead, its proposals are intended to simply "ensure the financial sector meets the direct fiscal cost of any future support."

The IMF proposes two taxes. First a financial stability contribution (FSC) which would tax all financial institutions' overall balance sheets, with the proceeds intended to cover any future costs to governments of bail-outs or restructuring of financial institutions. This would be similar to bank levies proposed by the US and a number of European countries. Though this would initially be charged at a flat rate for all institutions, it could later be adjusted to, "reflect institutions' riskiness and contributions to systemic risk." The second proposal, a financial activities tax (FAT), would be levied on financial institutions' overall profits and remuneration to cover the "wider costs [to the economy] associated with financial crises."

The main critique has been that the IMF has not gone far enough, either in proposing taxes that could reduce systemic risk or cover the real cost of the crisis. In particular, international campaigners have been dismayed that the IMF paid scant attention to the FTT which could potentially raise far larger revenues than either the FSC or FAT. The FTT would impose a small levy on transactions such as currency or share trading to both raise revenues and reduce unproductive speculative activity.

In a detailed analysis of the IMF's proposals, Stephen Shulmeister of the Austrian Institute of Economic Research finds that, "the assertion of the IMF paper, that an FTT 'is not focused on the core sources of financial instability,' does not seem to have a solid foundation in the empirical evidence."

Aldo Caliari of US NGO the Center of Concern said, "the naiveté with which the IMF approaches its preferred mechanism – a bank tax tied to systemic risks – is astonishing for such a knowledgeable institution, unless it is in fact designed to let the financial sector off the hook." He argues that the FAT and FSC do not reduce the overall risk in the system, and may increase it if banks are encouraged to feel that the taxes guarantee future bailouts.

The communiqué of the early June G20 finance ministers meeting had only a passing reference to the IMF report, confirming that the Canadian government is unlikely to prioritise this issue in Toronto. Further progress is unlikely until the Korean G20 meeting in November. ◎

Schulmeister critique of IMF proposals
tinyurl.com/FTTbySS

Leaked version of IMF global tax report
tinyurl.com/IMFtaxrepV1

The Greek crisis and the involvement of the IMF

COMMENT

by Elena Papadopoulou, Nicos Poulantzas Institute, Athens, Greece

For almost six months, Greece, and through Greece the whole of Europe, has been going through a fierce debt crisis. This is what has been called "the third phase" of a crisis that started in the financial sector, spread to the real economy and is affecting all facets of social and political life. The "Greek expression" of the crisis has revealed an amazingly broad range of issues concerning not only the structural problems of the Greek economy, but also those of the European Union (EU) as an economic and common currency area, and its unwillingness or inability to react to the problem in a timely, meaningful and collective way. However, what is striking about the Greek crisis is its ostensible abruptness.

Two years ago, when the financial crisis began, the Greek economy did not seem to be particularly affected, mainly due to its banking sector's structural characteristics including moderate development and low exposure to "toxic" financial products. GDP growth for 2008 was around 2.9 per cent and the Central Bank of Greece predicted stagnation for 2009. According to Eurostat, Greek GDP actually shrank by 2 per cent in 2009 and is predicted to shrink by 3 per cent in 2010.

The primary deficit of the Greek government in 2008 was stated as 3.7 per cent and estimated to rise above 4 per cent for 2009. Since September 2009, however, the Greek government deficit has been re-estimated at 7-8 per cent and finally at 13 per cent of GDP. Consequently, the excess deficit procedure of the EU was activated and a first package of austerity measures was proposed, including wage cuts, tax rises, and a hiring freeze in the public sector. However, it became clear soon after the October 2009 election win of the socialist PASOK party that the government's initial reassurances that the country could cope with its financial problems without external intervention were unreliable.

On 11 April, the Greek government agreed on the activation of a "support mechanism for the Greek economy" that included €110 billion ($135 billion) in loans from the IMF and EU (see page 1). The austerity measures undertaken include: the reduction of benefits in the public sector by 10 per cent; the abolition of seasonal supplementary payments for current and retired public employees, meaning an immediate wage and pension cut of up to 25 per cent; a 10 per cent increase in special consumption taxes for cigarettes, drinks and fuels; and an increase in value-added tax from 19 to 23 per cent.

Furthermore, the law passed to activate the support mechanism requires that all implementation decisions and the approval of any other contracts with the European Central Bank, the EU or the IMF, are to be promulgated by the minister of finance by presidential decree, with no further discussion or agreement required by the Greek parliament.

The announcement of the austerity measures caused general strikes and large demonstrations by Greek trade unions and political parties of the left. Despite the general mistrust and hostility of Greek public opinion towards the IMF, it was partly understood that the Greek government had already engaged in this type of economic policy before the IMF's formal involvement. Moreover, as Greek public services are already highly privatised, and the Greek market deregulated to a large extent, the space for the IMF's common "consolidation package" is quite restricted. However, it seems that the IMF is still striving to repair its bad reputation. It was revealed in the press in mid June that IMF officials met journalists, publishers and businessmen to try to improve the Fund's image in the eyes of the Greek public.

Unemployment in Greece is rising rapidly. Consumption, investment and public spending are being cut. A development strategy is strikingly absent. Political developments and social unrest are underway. The austerity measures are unlikely to reduce the debt, but are likely to sink the Greek economy into an even longer and deeper depression. What is needed is an increase of effective demand through income support and public spending, as well as collective support by the EU showing solidarity. The questions are: what are Greek workers to expect from this "financial rationalisation plan"? When is their standard of living going to be restored? Why is the burden of paying for this crisis once again falling on their shoulders?

www.poulantzas.gr epapadopoulou@poulantzas.gr

IMF board shies away from bold mandate changes

In a series of four papers the IMF executive board has been discussing fundamental changes to the way it does business. Despite the financial, economic and debt crises demonstrating the failures in the current international architecture, there was no consensus on the need for or direction of reform.

In late May, the board discussed options for reforming the monetary system (see *Update* 70). Despite recent swings in currency valuations and a Fund policy paper saying that "the current system has serious imperfections that expose the system to risks and shocks", most IMF executive directors "observed that the current [system] has demonstrated its resilience." Board members were firmly divided over key issues, including a multilateral framework for managing capital flows, penalties for countries with persistent current account imbalances, and the role of the special drawing right (see *Update* 65). They managed to agree on rejecting a new international currency.

In mid April, the board considered proposals for reforming the IMF's financing toolkit, including changes to the Flexible Credit Line (FCL, see *Update* 65) and the introduction of new facilities (see *Update* 70). A second paper considered some fairly radical suggestions for the Fund, including guaranteeing sovereign debt, lending against collateral instead of policy conditionality, and Fund purchases of sovereign debt in secondary markets. While the board agreed that "the remaining shortcomings in the current financing toolkit need to be addressed", they only agreed that refinements to the FCL would be welcome, and supported "strengthening the Fund's engagement with regional financial arrangements" as happened in Europe (see page 1).

Separately, in mid April, the board discussed papers on multilateral and financial sector surveillance. They asked the Fund to find new ways to do analytical work on "outward spillovers", the impact of the domestic policies of important countries on other countries and systemic stability. The board also agreed to the regular collection and use of data on financial firms and markets and, in principle, to make the Financial Sector Assessment Programme (see *Update* 57, 15) mandatory for important countries.

In analysing why the IMF failed to foresee the financial crisis, former Argentinian IMF executive director Hector Torres warned that "boundless faith in markets' self-regulatory capacity … appears to be at the root of the Fund's failure to find what it was not looking for."

The IMF's public consultation on the mandate review closed in mid May. University of Vienna professor Kunibert Raffer stressed that to prevent excessive accumulation of reserves, the IMF should obey its Articles of Agreement, which "clearly stipulate the right to capital controls, even explicitly restricting the use of Fund resources to finance speculative outflows." London-based NGO the Bretton Woods Project said the IMF needs to focus on "reform of the international monetary system; surveillance over the policies of systemically important countries; and providing rapid access, conditionality-free finance to countries facing crisis."

IMF mandate consultation submissions
tinyurl.com/IMFmandatecomments

IFI governance reform freezing over?

An in-depth analysis of the latest round of World Bank reforms shows they delivered significantly less than proclaimed, while IMF governance reforms, slated to conclude in January 2011, are proceeding slowly and promising only minor changes.

Despite official claims that developing countries now hold almost half the votes at the World Bank, an April detailed analysis by UK NGO the Bretton Woods Project shows that high-income countries have in fact held on to over 60 per cent of voting power across the World Bank Group. Low-income countries languish at 6 per cent. Furthermore, though the exact formula for future reforms, due in 2015, has not yet been agreed, current proposals emphasise economic weight as the overriding element for deciding voting shares, which would further marginalise low-income countries.

Meanwhile, at the IMF, last year's annual meetings promised a "shift in quota share to dynamic emerging market and developing countries of at least 5 per cent from over-represented to under-represented countries." However, a March executive board progress report highlights that countries with the most to lose are digging their heels in. Apparently it is not yet agreed "whether the targeted shift should be to *dynamic* emerging market and developing countries, [or] *all* under-represented countries". At the moment, the latter interpretation would mean some rich countries such as Spain, Ireland and Luxembourg might benefit, as they are 'under-represented' compared to their quota entitlements.

The exact scale of change is still being negotiated, with developing countries pushing for a greater than 5 per cent shift. "We're not satisfied with the pace of reforms," Brazil's foreign minister Celso Amorim told the press in April.

reforms would further marginalise low-income countries

Going back on commitments

A 2008 commitment (see *Update* 60) to re-examine the quota formula before further reform is now opposed by "many directors", according to the board progress report. Quota allocations largely determine voting shares. However, an April paper by Ralph Bryant of US think-tank the Brookings Institution highlights that the IMF's stated intention to use "the current formula as the basis to work from" would mean a decline in quota shares for low-income countries and also for emerging market countries like India and Russia. Middle-income countries including Brazil and China are currently fighting to keep re-examination of the quota formula on the table.

More radical reforms to address the Fund's democracy and legitimacy deficits, such as the balancing of the current 'one dollar one vote' voting system with a one country one vote addition in a so-called double majority system (see *Update* 55), appear to have been sidelined, despite being promised by managing director Dominique Strauss-Kahn before he took office (see *Update* 58).

In addition to affecting voting shares, quota reform also promises to open up the issue of what size the Fund should be. At the spring meetings, the G24 group of developing countries pushed for a doubling of IMF quotas in total. As countries would have to pay for quota increases, this would mean extra cash for the Fund, greatly expanding its capacity to lend, and increasing the amount that each country could borrow. Importantly it would also reduce the power of richer countries that would normally be called upon to supply additional resources through the New Arrangements to Borrow (see *Update* 65), should the IMF's coffers run low.

Increases to the allocation of the IMF's special drawing right (SDR, an international reserve asset, see *Update* 65) still continue to be pushed by some countries, and civil society groups. Argentina is the latest country to raise this issue, circulating a paper proposing a further $250 billion worth of SDRs be issued.

Reforms to the role and accountability of the executive board and the International Monetary and Financial Committee (IMFC, the Fund's ministerial level oversight body) are still on the table for discussion, including the abolition of the permanent seats held by the five major shareholders in favour of an all-elected board.

Secretive management selection

Finally, the commitment made by both the G20 and at the last IMF annual meeting to "an open, merit-based and transparent process for the selection of IMF management," appears to be under pressure. It was already damaged by the appointment last October of a new Japanese deputy managing director without such a process. Now, the executive board progress report praises the 2007 procedure for selecting the managing director, despite the fact that it saw no change in the practice of the Europeans installing their candidate, though it admits that there may be "room for improvement". The one minor improvement the report mentions is allowing former IMF governors and board members to nominate candidates.

Meanwhile, the World Bank appointed a former Indonesian finance minister, Sri Mulyani Indrawati, as its new managing director, meaning two out of three Bank managing directors are now women from developing countries. However, though the Bank claims to have conducted an "international search process" during her appointment, there was none of the promised transparency for this process, with no application procedure published, indicating that the Bank too is falling down on its commitments (see *Update* 63).

An IMF decision on a revised process is promised "in the near future". With media speculation mounting that current IMF managing director, Dominique Strauss-Kahn is considering quitting to launch a campaign for the 2012 French Presidency, the acid test for Fund commitments to an "open, merit-based and transparent process" may arrive sooner rather than later.

Analysis of World Bank voting reforms: Governance remains illegitimate and outdated
brettonwoodsproject.org/wbgovreform2010

Governance shares for the IMF: principles, guidelines, current status
www.brookings.edu/papers/2010/0420_imf_bryant.aspx

Zimbabwe turns to the IMF

In March, the Zimbabwean cabinet agreed to a new debt relief strategy that includes recourse to the IMF and World Bank's Highly Indebted Poor Countries (HIPC) initiative. President Robert Mugabe has voiced consistent resistance to the conditions of HIPC debt relief, but finance minister Tendai Biti has said that the move was a consensual "cabinet decision". Reports also surfaced in June that Zimbabwe is considering entering into a Staff Monitored Programme with the IMF (see page 5), meaning heavy Fund monitoring and conditionality but no additional finance. This idea has been rejected by Mugabe's ZANU-PF party.

Mugabe relents on debt relief plan
tinyurl.com/zimhipc

IMF: Palestinian growth threatened

The IMF is preparing a report arguing that it will not be possible to sustain the 6.8 per cent growth rate in the West Bank if Israel does not further lift restrictions on public and private Palestinian investment. The head of the IMF mission to Palestine also said that, "there is a lack of donor support, especially among the Arabs, who need to give in a more systematic and predictable way to build investor confidence." The report will also outline the grim prospects for economic growth in Gaza, where a skeletal economy is struggling to recover from the 2009 conflict with Israel. The *New York Times* has reported that the IMF will also call for a complete lifting of the Israeli blockade on the territory.

tinyurl.com/nytpalestine

Gender: IFI neglect continues

In March, NGOs Gender Action and the Center for International Environmental Law published *A step-by-step guide to holding IFIs accountable*. The guide explains how and when to take a complaint to IFIs' accountability mechanisms, discusses whether complaints are useful and how they are dealt with. In an analysis of the IFC's April *Handbook for addressing project induced in-migration*, Gender Action found that "Gender concerns are almost entirely absent within the report." A May Bank proposal for a paper on gender to feed into the environment strategy review looks like a belated add-on as the first phase of the consultation concludes.

www.genderaction.org/publications/Step_by_Step.pdf

Trade: IMF staff paper, Bank strategy review

A March staff paper by the IMF outlines that although trade restriction measures have increased in the wake of the financial crisis, they have only had a strong negative impact in the products they targeted, and their aggregate impact is just 0.25 per cent of global trade. The IMF has called on the World Trade Organisation (WTO) to further monitor protectionist measures, and recommended completing the WTO Doha Round of trade talks. Meanwhile, the World Bank is formulating a global trade strategy, with stakeholder consultations both before and after a draft is released in July.

www.imf.org/external/pubs/ft/spn/2010/spn1007.pdf

www.worldbank.org/trade

Inside the institutions

The IMF's framework for low-income countries

In the midst of the global financial and economic crisis the IMF amended its lending framework for low-income countries (LICs). It now has three main instruments for LICs – the Extended Credit Facility, the Standby Credit Facility and the Rapid Credit Facility. The three different programmes are subsidised by the newly created Poverty Reduction and Growth Trust (PRGT). The IMF also engages with LICs through non-financial facilities, especially the Policy Support Instrument (PSI) and the Staff Monitored Programme (SMP).

The latest revision of the Fund's lending architecture to LICs entered into force in January 2010. According to the IMF, it is part of a broader reform to flexibly cater to country specific problems, with political and economic conditionalities becoming less rigid and tailored to individual countries.

The Extended Credit Facility (ECF) replaces the Poverty Reduction and Growth Facility (PRGF) and provides medium-term financial support to countries with persistent balance of payments problems. The ECF requires an IMF-approved Poverty Reduction Strategy Paper (PRSP, see *Update* 39) in which the client government lays out future economic policies. In terms of the conditionality imposed under this programme, policies have not changed substantially compared to previous facilities. Policy implementation is assessed before each loan instalment is disbursed on a three to six month basis for the duration of the programme, which can vary between three and five years. Repayments of an ECF loan have to be completed after five and a half to ten years, with a current zero per cent interest rate.

The Standby Credit Facility (SCF) is a new lending tool, succeeding the high-access component of the Exogenous Shocks Facility (ESF) which itself was only established in 2008. In contrast to the medium-term ECF, the programme targets LICs with short-term balance of payment problems and lasts between 12 and 24 months. SCF assistance is only available to countries that the IMF judges to have a sustainable macroeconomic position. To secure market confidence, it can be used on a precautionary basis, meaning that financing terms between a country and the Fund are agreed without actual lending taking place, but offering the possiblity of immediate access if needed. The SCF does not require a PRSP, but conditionality, implementation reviews and disbursements under this arrangement work in the same way as under the ECF. The loan needs to be repaid after four to eight years and currently carries an interest rate of 0.25 per cent.

The Rapid Credit Facility (RCF) replaces the rapid access component of the ESF as well as the Emergency Natural Disaster Assistance (ENDA) and the Emergency Post-Conflict Assistance (EPCA) facilities. Assistance is provided rapidly and with limited conditionality. In contrast to other financing arrangement, loans are provided as a single disbursement, but are normally limited to comparatively small amounts of 25 per cent of the country's Fund quota per year. Currently, the arrangement carries a zero per cent interest rate and has to be repaid after a period of five and a half to ten years.

The PRGT, which provides the subsidy resources for the new facilities, replaces the previous PRGF-ESF Trust and has roughly doubled the annual amount of financing available to individual countries.

The Policy Support Instrument (PSI) was introduced in 2005 for economically stable LICs that do not want or need the Fund's financial help, but seek support to monitor and review their economic performance (see *Update* 48). By undertaking a PSI, countries hope to send strong signals about their economic position to donors and markets. Policy reforms agreed under the facility operate like lending conditionality and are assessed every six months over a total period that varies between one and four years. If a country fails two consecutive assessments, its programme is terminated.

The Staff Monitored Program (SMP) operates along the same lines as the PSI but is generally used by countries with very fragile economic foundations, such as those in post-conflict situations which are not eligible for a PSI arrangement. Since donors might not be willing to provide financing to those countries under a SMP, its main purpose is to establish a track record for future engagement with donors and IFIs.

IMF support for low-income countries
www.imf.org/external/np/exr/facts/pdf/poor.pdf

Bank work on land supports "a new form of colonialism"

A set of voluntary principles for agricultural investment in developing countries, launched by the World Bank and other institutions in April, veils the promotion of investors' interests at the expense of host populations, warn civil society groups.

At a late April conference, the Bank and UN agencies released a discussion note, *Principles for responsible agricultural investment that respects rights, livelihoods and resources.* Based in part on the Bank's ongoing study of large-scale land acquisitions, the principles will feed into a consultation that could generate guidelines or codes of practice. The principles include respecting existing rights to land and natural resources; strengthening food security; transparency and accountability; full consultation; and generating positive social and environmental impacts.

Though recognising that enforcement of existing frameworks is "limited", the principles document suggests that any guidelines or standards developed from these principles should be independently monitored, relying for implementation on investors' concern for their reputation, and an undefined role for governments and civil society.

NGO Friends of the Earth International warned that the principles would "legitimise and promote land grabbing", "a new form of colonialism". An international civil society coalition including social movement La Via Campesina and NGO GRAIN cautioned that the principles would not improve food security, and instead "aim to distract from the fact that today's global food crisis, marked by more than one billion people going hungry each day, will not be solved by large scale industrial agriculture, which virtually all of these land acquisitions aim to promote."

The coalition also warns that 'land grabbing' violates the International Covenant on Economic, Social and Cultural Rights and the UN Declaration on the Rights of Indigenous Peoples.

Bank advice spurs 'land grab'

A new report by US thinktank the Oakland Institute delves deeper into how the World Bank Group's technical assistance and advisory services to investors and developing country governments facilitate foreign acquisition of land (see *Update* 68, 62).

The report argues that the Bank's advice approaches foreign investment uncritically, prioritises returns for international investors over development concerns, and is "concerned with land markets only to the extent that they influence investment climates and ultimately, economic growth." For example, the Bank's Foreign Investment Advisory Service's 'investing across borders' (IAB) project measures the ease of establishing and operating a foreign-owned business, but "nothing about the IAB indicators seeks to consider the extent to which local populations in these countries will be affected."

Bank advice and services developed in response to investor complaints have promoted major legal changes in developing countries (see *Update* 56). In Southern Sudan, for example, vetting of potential investors has been removed and investment mobility increased; over a million hectares of land has been transferred to investors since 2008.

The report also collates evidence that land is often wrongly classified as unused and so available to investors, in contravention of customary land rights. This can lead to displacement and the loss of livelihoods. An indigenous Anuak from Gambella, Ethiopia, says that, "The foreign companies are arriving in large numbers, depriving people of land they have used for centuries." The report calls for the International Finance Corporation (IFC), the Bank's private-sector arm, to be investigated and held accountable for its impacts.

Food security programme

At the Global Agriculture and Food Security Programme, a multi-donor trust fund managed by the Bank (see *Update* 70, 69), civil society groups welcomed stronger representation on the steering committee, and the decision not to use the Bank's controversial Country Policy and Institutional Assessment (see *Update* 43) as an indicator of a conducive policy environment in recipient countries. However, Neil Watkins of NGO ActionAid USA said concerns remained over the lack of reference to gender and the inadequacy of safeguards in the IFC's proposal for the programme's private sector window.

Principles for responsible agricultural investment discussion note
tinyurl.com/principlesnote

(Mis)investment in agriculture: the role of the IFC in the global land grab
www.oaklandinstitute.org/pdfs/misinvestment_web.pdf

Bank clings to fossil fuels, stumbles on clean energy

Despite recent attempts to restyle itself as a green institution, the World Bank's energy lending suggests that it remains wedded to fossil fuels. Meanwhile, independent evaluators and civil society groups have raised serious concerns about the developmental benefits of the Bank's approach to energy efficiency and renewables.

Analysis published in April by US NGO the Bank Information Center (BIC) showed that the World Bank Group's finance for fossil fuels had climbed higher than ever, to $4.7 billion in the first ten months of financial year (FY) 2010 (see *Update* 69). This represents a major leap from the previous record of $3.1 billion in the whole of FY2008.

In April, the Bank produced a progress report on its Strategic Framework for Development and Climate Change (SFDCC, see page 7). The Bank claimed that the increased share of fossil fuels compared to renewables or energy efficiency in FY2010 "is in large part due to the impact of the [financial] crisis on the ability of African countries to finance their conventional energy development programmes, necessitating [Bank] support to coal power projects in Botswana and South Africa." However, an April briefing by three European NGOs observes that this justification is an opportunistic revision of the Bank's pre-financial crisis argument for fossil fuel lending. It previously claimed that developments would go ahead regardless, so Bank involvement was desirable in order to raise social and environmental standards.

Though the Bank's progress report argued that support for coal was becoming more selective thanks to the use of the SFDCC environmental and developmental criteria, civil society groups warned that these had not been fully applied to the Bank's loan for coal in South Africa in April (see *Update* 70).

These indications threaten to undermine attempts to transform the Bank's energy portfolio, enshrined in the SFDCC target for half of Bank energy lending to go to 'low carbon' investments by 2011, as well as targets set by donor governments. A May briefing by UK NGO the Bretton Woods Project warns that the credibility of these targets is undermined by misleading categorisation of clean energy lending – for example, including large hydropower and upgrades to fossil fuel plants in the low carbon figure. It concludes that there is a pressing need for a far more rigorous and transparent approach, with independent monitoring. In a March report, US NGO Center for American Progress also urged greater transparency, including around the selection of investments and what alternatives are explored. It called for a clear, independently audited annual report on energy financing across the World Bank Group.

> **lack of focus on development**

Low-carbon own goals

Questions also hover over the effectiveness of the Bank's support for low-carbon development. An April report by the Washington-based World Resources Institute identified a set of policies, regulations and institutional capacities in the electricity sector that enable investment in sustainable energy, and examined whether they were reflected in multilateral development banks' relevant loans between 2006 and 2008. The World Bank performed worse than other institutions, particularly on supporting long-term integrated energy planning, capacity building and promoting stakeholder engagement. Two-thirds of its loans addressed less than half of the enabling factors.

In May, the Bank's Independent Evaluation Group reported on the energy efficiency programme run in China since 2006 by the International Finance Corporation, the Bank's private sector arm. The programme failed to achieve some of its key aims, including: promoting a switch from coal to gas; benefiting small and medium companies; and building partners' capacities, to ensure the programme's sustainability.

A similar lack of focus dogs the Bank-managed Clean Technology Fund's investment in a large-scale solar power project across the Middle East and North Africa region. There are concerns that the project will place further strain on the region's already scarce water resources, while engagement with regional civil society has been sorely lacking. Despite unmet energy needs in the host countries, BIC warns that a proportion of the power produced will be exported to Europe.

In April, 11 NGOs, including BIC, Greenpeace and Hivos, submitted a model energy strategy to the Bank's ongoing consultation. It proposes phasing out fossil fuel lending in favour of sustainable and reliable energy services for the poor, as well as supporting the transition to carbon-free or ultra-low-carbon development. It recommends a number of steps towards these goals.

Another submission, from UK NGOs including Christian Aid and WWF-UK, stressed a "limited but catalytic role for the World Bank in ensuring energy access for the poor and supporting the transition towards a low carbon future," in part by phasing out fossil fuel lending. Excluding comments from industry bodies, similar messages have dominated submissions to the first phase of the Bank's energy strategy consultation.

BIC fossil fuel lending update
bicusa.org/en/Article.11867.aspx

NGO model energy strategy
bicusa.org/en/Article.11859.aspx

IEG on China utility-based energy efficiency finance programme
www.ifc.org/ifcext/ieg.nsf/Content/Highlights_CHUEE

Is IFC palm oil investment a foregone conclusion?

The World Bank is currently undertaking a major review of its controversial engagement in palm oil production, but critics warn that consultation has been inadequate and that the Bank seems to have already decided to continue investing in the sector.

Following a World Bank Group wide suspension of investment in the palm oil sector in September 2009, the International Financial Corporation (IFC), the Bank's private sector lending arm, has launched a wide-ranging strategic review of the industry (see *Update* 67). In July the review process will culminate in the announcement of a new global strategy for the sector, outlining a set of principles to guide future Bank engagement.

The review's consultation process with stakeholders includes the private sector, affected communities, governments, and NGOs that have been campaigning against the negative environmental and social effects of palm oil production. The breadth of issues outlined in the IFC stakeholder outreach papers, which summarise the consultation discussions, underlines the extent of concern around deforestation, biodiversity loss, land disputes, discrimination against indigenous peoples, and contributions to climate change.

Genuine dialogue?

Some consultation participants are already voicing concerns over the effectiveness of the review. Andrew de Sousa, of the Gunung Palung Orangutan Conservation Program, attended the consultation in Pontianak, Indonesia. He observed that, "Rather than a genuine consultation, the organisers were lobbying participants to sign off on minor reforms which would allow the IFC to continue investing in palm oil. Despite many participants calling for the World Bank to stop supporting palm oil, the meeting lacked genuine dialogue and there was no significant discussion of alternatives." Furthermore, the Indonesian NGO Sawit Watch, in collaboration with 13 other NGOs, have issued a discussion paper warning that, "the compressed timeline now allowed for development of the strategy… will not allow for the kind of iterative engagement over the policy that we have been led to expect."

Meanwhile, a June statement from the IFC country manager for Indonesia and Malaysia indicates that despite the review, the IFC has already decided to continue investment in palm oil, and was merely trying to establish how this should take place. "The IFC has held several discussions with palm oil stakeholders … to formulate a global strategy, which will be used as a guideline for the company in lending to the sector," he said. "The IFC is interested in providing lending for [the] palm oil sector in Indonesia because it has provided jobs for up to 6 million people and supports about 36 million rural people with low incomes," he added.

Joint Statement of Indigenous Peoples, Smallholders and NGOs
tinyurl.com/palmoilngopaper

Resistance to Bank's role in climate finance as alternatives gain traction

As talks aim toward an agreement on climate finance in December in Cancun, fault lines remain about the role of the World Bank. Contradictions in recent Bank lending and contributions to alternative financing mechanisms have fuelled ongoing debates about the Bank's role.

In a recent submission to the United Nations Framework Convention on Climate Change (UNFCCC), the US government said the Bank would be the "desirable" trustee of a new Copenhagen Green Climate Fund and suggested that the Bank should shape the design process. The new $30 billion a year fund was proposed to jump-start climate finance with a final goal of disbursing $100 billion a year by 2020.

Both the Bank and the US profess support for a limited role for the institution, serving as trustee to a new climate fund. However, analysts acknowledge there is a desire for the Bank to play a greater role in decision-making. Additionally, as the Bank undertakes ongoing internal reforms (see *Update* 70) there are moves to bring trust funds under greater control to "better integrate Bank-executed trust funds with [the] Bank budget" and bring them into line with new processes for investment lending and analytical and advisory activities.

An interim report was released in mid May by the Bank as part of its Strategic Framework for Development and Climate Change (SFDCC, see *Update* 62). This, along with remarks made by Bank president Robert Zoellick at the spring meetings, assert that there is growing demand for the Bank in climate, and that progress is being made in addressing the issue through its investment lending, its advisory services and through the Climate Investment Funds (CIFs) housed at the Bank.

Climate Funds critiqued

As existing climate funds at the Bank begin to be disbursed there is continued concern about civil society participation. Initial analysis of the reports from the missions of the Pilot Programme for Climate Resilience (PPCR) shows a lack of civil society participation in the make-up of the missions. There has also been little consultation with civil society, often only with the largest international NGOs, not allowing for input from smaller groups and most communities affected by climate change.

The CIFs are dogged by continued critiques, including from the Partnership Forum held in Manila (see *Update* 70) in the spring, about civil society participation in their governance committee meetings. A recent report from the Oxford Institute of Energy Studies highlights the CIFs top-down structure, with a limited role for civil society. "This model clearly fails to harness the strengths of civil society, to ensure more effective national and local implementation and protect the rights of the most vulnerable."

Meetings of the CIF governance committees – including of the PPCR, the Scaling Up Renewable Energy for the Poor Programme (SREP), and the Forest Investment Programme (FIP) – will take place in Washington in late June. It is expected that the SREP will select countries for the pilot programme and solidify modes of operation. The FIP will propose six additional country pilots and will adopt operational guidelines, investment criteria and financing modes and will discuss proposals for a results framework.

The Bangladesh Multi-Donor Trust Fund, which is currently being developed as a channel for bilateral climate aid from the UK, is still not up and running in part due to the contested role of the Bank. The Bangladeshi government is looking to limit the Bank to providing fiduciary assistance rather than being an outright administrator.

Contradictions fuel resistance

A recent Bank loan to South Africa of $3.75 billion for state energy company Eskom (see *Update* 70), largely to be used for a new coal plant, has spurred increasing resistance to the Bank's role in climate related lending. In the US, NGOs like the Natural Resources Defense Council and the Environmental Defense Fund have joined Bank critics in lobbying US Congress against a role for the Bank in climate finance. A letter to president Barack Obama has also been signed by over 280 NGOs world-wide, calling for a new climate finance mechanism rather than placing funds at the Bank.

Red Constantino of international NGO Institute for Climate and Sustainable Cities also highlights contradictions in the $258 million that will go to the Philippines to address the impact of two typhoons that hit the country last year. "The World Bank has seen opportunity in tragedy by pushing loans like those for the Philippines, which prop up the institution at the same time it fuels climate change by funding more coal plants across the world."

A new report by NGO Oxfam echoes concerns about climate lending, concluding that public finance for climate change adaptation should be provided entirely in the form of grants, not loans.

Alternatives gain traction

In late April, Spain contributed €45 million ($55 million) to the UNFCCC Adaptation Fund (AF). As the first contribution of its kind, this sets an important precedent for fast start finance and signals support for alternatives to the contested, Bank-housed CIFs. The money will be disbursed at the sole discretion of the AF board to meet the most pressing funding needs of developing countries, without any conditions imposed by donors.

The Global Environment Facility (GEF), a multilateral environmental fund, also received record contributions in May with more than 30 nations pledging $4.25 billion. Governments point to this as a first significant multilateral step toward commitments made in Copenhagen on climate change and on other key international environmental agreements. However, the GEF has faced a number of challenges and critiques over its effectiveness as well as the fact that the Bank is the trustee (see *Update* 8).

SFDCC interim progress report
tinyurl.com/sfdccreport

Renegotiating the role of civil society in the governance of climate finance
oxfordenergy.org/pdfs/EV50.pdf

Court finds fault with IFC-backed paper mill

Controversy over the Botnia paper mill (see *Update* 51), which was part financed by the International Finance Corporation (IFC), the World Bank's private sector arm, continues as the International Court of Justice (ICJ) ruled that Uruguay breached treaty obligations by not properly informing neighbouring Argentina when authorising construction. Argentine NGO Centre for Human Rights and the Environment said that "the verdict comes much too late as the mill, largely thanks to the IFC, began operations in 2007." Despite widely reported environmental impacts, the ICJ did not order the relocation of the mill, or call for restitution to affected communities.

www.cedha.org.ar/en/more_information/icj-rules.php

Bank engaged in Ethiopian dam?

In May, over 30 NGOs worldwide issued a letter telling IFIs, bilateral development agencies, and export credit agencies to stop investing in the Ethiopian hydropower project Gilgel Gibe III (see *Update* 69). They are concerned about the dam's impact on the ecology and livelihoods of people in the region. While the World Bank publically withdrew assistance, Italian NGO CRBM has said that Bank staff members are still giving support work to the project. A decision by the Italian government about bilateral financing is due soon, which may influence the final judgements of the IFIs.

www.ifiwatchnet.org/node/33280

Bank's anti-corruption "charade"

In 2007, the Volcker Panel was convened to review the World Bank's anti-corruption Department of Institutional Integrity (see *Update* 57). US NGO the Governance Accountability Project (GAP) alleges that accounts published by the Bank's internal court, the administrative tribunal, show that the head of the department, Suzanne Rich Folsom, was "systematically informed about which of her staff members spoke to reviewers and what they said". GAP alleges that Folsom "doctored documents, altered practices and intimidated witnesses", leading staff members to sue the Bank. Bank management has reportedly done nothing to re-examine the panel's recommendations.

tinyurl.com/wbcorruption

New Bank Africa strategy in the works

The World Bank's 2005 Africa Action Plan (AAP) is up for review and the Bank is rolling out consultations. Phase one consultations will extend through June, and will take place in a number of cities in Africa. A draft strategy will be unveiled in August with phase two consultations extending through October. The AAP consultation note argues that "Africa's fundamental problem [is] weak governance and public-sector capacity," but makes no reference to the contributions many have argued the IFIs made to this through their structural adjustment programmes of the 80s and 90s (see *Update* 62.).

Bank strategy for Africa - consultations
go.worldbank.org/R2L5D0USC0

Bank safeguard reviews: need to raise the bar

With a review of the social and environmental performance standards of the International Finance Corporation (IFC, the Bank's private sector lending arm) underway (see *Update* 62), internal reports and civil society critiques highlight the need for reform.

A forthcoming report from the Bank's Independent Evaluation Group (IEG) has highlighted the need for fundamental change. However, there are concerns about the thoroughness of the evaluation. The report concludes that while attention to social and environmental safeguards is reasonably good during appraisal of lending, it is weak during supervision of loan implementation. It finds that more than one third of Bank projects had "inadequate environmental and social supervision manifested mainly in unrealistic safeguards ratings and poor or absent monitoring and evaluation". Furthermore, supervision and monitoring deficiencies make it difficult for the Bank to evaluate the results of applying safeguards.

The IEG proposes an overhaul, calling for: a shared set of criteria for assessing social and environmental risks across the Bank group; enhancement of client capacity, ownership and responsibility; strengthening of supervision arrangements by revising guidelines and incentives; and strengthening of safeguards monitoring and evaluation.

The methodology and depth of the IEG evaluation has been called into question. "The critique could be more rigorous, and suggestions to shift more responsibility to clients, emphasised in the report, should be approached very cautiously and only with corollary requirements for greater transparency, verification of client provided information and IFC supervision," said Anne Perrault of NGO Center for International Environmental Law.

IFC evaluated

IEG findings on the IFC are expected to contribute to the ongoing revision of the performance standards. They highlight inadequate IFC due diligence for trade finance projects linked to agricultural supply chains, with public disclosure of information being the weakest area (see page 6). The IEG finds problems with the IFC's categorisation of the risk of projects, which dictates the standards and monitoring applied. They also note that the IFC places the responsibility for implementation and monitoring on its private sector clients with no independent verification (see *Update* 67).

The Compliance Advisor Ombudsman (CAO), the accountability mechanism for the IFC, has also inputted into the IFC review based on a review of its cases. Echoing the IEG, it finds that the IFC's implementation of broad community support for its projects has been restrictive and not transparent, among other findings. It concludes that there is a "substantial gap between theoretical environmental and social requirements and their practical application."

Rights overlooked

Lack of consistency between human rights standards and the performance standards and sustainability policies has repeatedly emerged as a significant area of IFC weakness (see *Update* 67). The IFC has commissioned an analysis to identify a review of gaps between its approach and international human rights treaties. However, preliminary analysis by civil society reveals that the first draft of the revised standards, released in May, does not reflect a significant broadening of rights coverage.

In a submission to the review consultation, NGO Amnesty International argues that without providing guidance to clients on the human rights impacts of projects, rights impacts and violations are frequently invisible in IFC processes.

Consultation continues

Civil society representatives from nearly 100 organisations made a joint submission to the review, highlighting a large number of concerns about the substance and application of the performance standards. The first draft of the revised standards have led to civil society warnings of policy dilution in the process of revision and calls for the IFC to meet best practice in the sector. The next round of consultations will be carried out throughout June and July with a series of multi-stakeholder meetings worldwide. According to the IFC they will also consult with 10 communities in the coming six months.

"To truly make a difference, significant changes must be made and consultation with those most affected must be more genuine and has to be reflected in the IFC's new standards," said Sergey Solyanik of Kazakh NGO Crude Accountability.

CAO input into IFC review
www.tinyurl.com/cao-IFCreview

Civil society submission to IFC
www.tinyurl.com/CSOcommentonIFC

Bank fails to focus on results in health

A report published in June by civil society network Advocacy to Control Tuberculosis Internationally (ACTION) critically assesses Bank-assisted sector wide approaches (SWAps) to healthcare in Africa. It finds that, "there is an unacceptable dearth of scientific assessment that demonstrates the impact of SWAps on health outcomes, despite the billions of dollars that have been invested in this approach since the mid-1990s". It states that, "the World Bank and its development partners are not addressing tuberculosis (TB) adequately or appropriately through SWAps in sub-Saharan Africa".

The report outlines that, though health practitioners in Bank projects believe SWAps are important, for effective implementation the Bank must focus on regular independent reviews of health programmes, subject these reviews to public oversight, increase transparency, and invest more resources in rigorous monitoring and evaluation of actual health outcomes, not just processes. These findings dovetail with recent reports by the Bank's Independent Evaluation Group (see *Update* 66), and the World Health Organisation's Commission on the Social Determinants of Health (see *Update* 62). Both of these reports also emphasise poor outcomes in meeting Bank project objectives, and a lack of effective transparency and evaluation measures.

Despite consistent criticism of the Bank's approach to health, including its promotion of private sector involvement (see *Update* 62), Lars Thunell, chief executive of the International Finance Corporation (IFC), the Bank's private lending arm, has encouraged increased private equity investment in health and education in developing countries. In May, Thunell said that the IFC was increasing its target for private equity fund investment (see *Update* 68, 66), observing that "we should remember that it is the early stages of the recovery that are the most promising times to invest for private equity". However, critics have highlighted how IFC investment through financial intermediaries such as private equity funds is only weakly answerable to the Bank's performance standards on accountability, monitoring and transparency (see *Update* 70), exactly the areas the reports on health investment have highlighted as being in desperate need of significant reform.

Aid without impact: How the World Bank and development partners are failing to improve health through SWAps, ACTION
www.tinyurl.com/actionpaper

Shakira gets the wrong man?

Colombian pop sensation 'she wolf' Shakira ended up in a February press conference with a World Bank president, Robert Zoellick, to launch her charity's joint initative with the Bank on early childhood development in Latin America. Perhaps she missed the 2007 sex controversy that ousted the Bank's previous leader of the pack Paul Wolfowitz? Drafting the Bank into her education-focussed work might also backfire. The Bank's seeming desire to 'whenever, wherever' privatise public services might leave Shakira feeling 'la tortura'.

Goodbye to Bank Swirled

With no less than seven references to a certain Colombian singer, the final edition of the annual spoof newsletter *Bank Swirled*, produced by anonymous Bank staff (we hope in their spare time), has been published. A hat tip to the 'World Bank's 132-person Offshore Humor Team" for 26 years of parodying the Bank. We count ourselves lucky that we never could get all the jokes.
www.bankswirled.org

BRETTON WOODS project

Published by **Bretton Woods Project**
Critical voices on the World Bank and IMF

Subscriptions: www.brettonwoodsproject.org/subs
Spanish: www.brettonwoodsproject.org/es/boletin

Bretton Woods Project
Hamlyn House, Macdonald Road, London N19 5PG, UK
+44 (0)20 **7561 7610**
+44 (0)20 **7272 0899**
info@brettonwoodsproject.org
www.brettonwoodsproject.org

The Bretton Woods Project is an ActionAid-hosted project. This publication is supported by a network of UK NGOs, and the C.S. Mott Foundation.

ISSN 1471-1168

Designed by Base Eleven and printed by RAP Spiderweb on recycled paper.