

# World Bank and climate change: Cloudy forecast for policy reform

**A new Bank report warns about the impacts of climate change, but concerns have been raised about its own track record. While the Bank has increased its renewable energy share, its continued funding of fossil fuels and focus on large scale dams remains controversial.**

As the 18th Conference of Parties of the United Nations Framework Convention on Climate Change (UNFCCC) prepared to meet in Qatar in late November, the World Bank released a new report on the dangers of climate change, summarising the latest climate science. In the report Bank president Jim Yong Kim warned that the world is heading for a four degree warming above pre-industrial climate with “devastating” scenarios and expressed hope that it would “shock us into action”. The report concluded that “early, cooperative, international actions” are the only ways forward.

The report follows the early November release of the Bank’s Independent Evaluation Group’s assessment of the Bank’s track record on climate change adaptation. It concluded that the Bank’s efforts have largely focused on “today’s climate variability”, but lack “a reliable compass to guide future adaptation efforts” and “systematic procedures for screening projects for climate risks”. It flagged two sectors subject to long-term climate risk but with inconsistent practices: hydropower and protected areas.

Earlier, in June, a progress report on the Bank’s 2009-11 strategic framework on development and climate change outlined future ambitions of the Bank, arguing that it “can play a major role” in addressing “immediate challenges to finance climate action”, such as the operationalisation of the United Nations’ Green Climate Fund (GCF, see *Update* 82, 79).

## No strategy on fossil fuels

Responding to the November climate science report, Carroll Muffett, of US NGO the Center for



International Environmental Law, asked if the report will “shock the Bank itself into action”, noting that it “does not propose the paradigm-shifting initiatives and policy changes that its findings demand”. Muffett called for the Bank to begin with “a simple, clear and unambiguous commitment to end its own investment in dirty fuels.”

While the Bank’s focus on renewables has increased, with the renewable energy project share of the annual energy lending portfolio increasing to 44 per cent in fiscal year 2012, NGOs have criticised the Bank’s failure to stop funding fos-

sil fuels, pointing to the inconclusive debate on its energy strategy in 2011 (see *Update* 78). According to Sunita Dubey of South African NGO Groundwork: “It seems too easy to blame everything on India and China these days, but the Bank management as a whole has also not shown any leadership in curbing coal funding.”

At the report launch event Kim argued that while the Bank does “everything we can not to invest in coal ... we are the group of last resort in finding needed energy in countries that are desperately in search of it.” Nezir Sinani

of Kosovan NGO Institute for Development Policy, which opposes a coal power project in Kosovo (see *Update* 82, 80), said: “This clearly shows that the Bank will not be considering how coal affects people’s lives, let alone the environment. I am very sceptical that the Bank will undertake the changes needed to avoid a four degree warmer world when it is more than clear that the path they have chosen is that of more coal.”

Furthermore, the renewable energy share includes large scale dams (see *Update* 82, 81). In late September, the Sosnovka Coalition of Environmental and Indigenous Peoples NGOs of Siberia and Far East wrote to Kim expressing concerns about the inclusion of the proposed Shuren hydropower dam in the Bank’s Mongolia Mining Infrastructure Investment Support project. The letter urged the Bank to “rethink its involvement”, calling the dam an “outdated project” that puts Lake Baikal, the largest freshwater lake in the world, at risk. It asked the Bank to instead “help Mongolia in developing a better energy development strategy that ... does not put at risk globally significant biodiversity and the livelihood of indigenous peoples.” The Bank responded in October that it will “review the proposed priority projects”.

Continued concerns have also been raised about the role of the Bank as interim trustee of the GCF. Coinciding with the UNFCCC November meeting, a statement by 12 Latin American NGOs, including the Environmental Advocacy Center Panamá, expressed “distrust and doubt regarding the Bank’s suitability as permanent trustee of the Fund”, due to “past human rights violations and severe environmental damage stemming from some World Bank projects”. ©

Turn down the heat: Why a 4°C warmer world must be avoided, World Bank  
[tinyurl.com/turndownheat](http://tinyurl.com/turndownheat)

Adapting to climate change, IEG  
[tinyurl.com/ieqclimate3](http://tinyurl.com/ieqclimate3)

Letter from Sosnovka Coalition  
[www.transrivers.org/2012/583/](http://www.transrivers.org/2012/583/)

Latin America GCF letter  
[tinyurl.com/latamgcf](http://tinyurl.com/latamgcf)

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# IMF and the Troika: three's a crowd?

**The Troika has announced another Greek debt agreement, but disputes between the Fund and its Troika partners over debt reduction remain unresolved.**

The late November announcement of a Troika deal, comprising the IMF, European Central Bank (ECB) and European Commission (EC) (see *Update* 81, 80), to finance Greek debt obligations includes new funding, a buyback of privately-held bonds, an extension in the maturities of prior loans plus a deferral in interest payments on those loans, as well as a transfer of profits on Greek bonds bought by the ECB during the crisis.

The deal forces Greece to continue with sweeping reforms to reduce spending, despite experiencing a 25 per cent fall in GDP over the last five years. Civil society organisations remain irate over the process and its outcome. Yiorgos Vassolos of NGO Corporate Europe Observatory said “new devastating austerity measures have been imposed. The compromise was made without any Greek involvement.” He added that “taxpayers’ money from across the eurozone is committed to a new loan that cannot be paid back. Revenues from privatisations and primary budget surpluses will be locked in a segregated account for debt servicing, demonstrating how colonial situa-

tions are created within the EU and democratic sovereignty is violated.” In Spain, Portugal, Greece and Italy general strikes in mid November opposed increasing austerity and counter-productive reforms.

## Tensions in the Troika

IMF participation in the Troika has become increasingly fraught, with public disagreements amongst the partners over whether the Greek crisis can be resolved without creditors accepting a reduction in the value of their loans to Greece. The IMF has become increasingly public in its view that Greece’s creditors (including eurozone states, such as Germany) will have to accept a debt write-down. In September, IMF managing director Christine Lagarde stated that “the Greek debt will have to be addressed”.

In Greece, unemployment is close to 23 per cent while wages and salaries have fallen by up to 30 per cent, according to a November study by Belgian think tank Bruegel. Greece has had to agree to increasingly stringent budgets, the last of which the parliament narrowly passed in mid November. It entails €9.4 billion (\$12.2 billion) of cuts while raising

the retirement age from 65 to 67.

Ashoka Mody, formerly deputy director of the Fund’s research department, wrote in November that, in Greece, “it is time to revisit the default option”, adding that this is “economically efficient, it is fair, and it is politically sensible.”

In September Mohamed El-Erian, chief executive of US investment firm Pimco, wrote in the *Financial Times* that write-downs of Greek loans are unavoidable and “the longer they wait ... the greater the likelihood of an unplanned and badly managed debt reduction.”

## IMF: minority player?

The dispute between the IMF and its Troika partners over reducing Greece’s debt crystallised in a November disagreement between Lagarde and Jean-Claude Juncker, chair of the eurogroup of finance ministers, at a press conference. When Juncker stated that the reduction in Greek debt levels to 120 per cent of GDP should be achieved by 2022, Lagarde contradicted him: “the appropriate timetable is 120 per cent by 2020”, adding “we clearly have different views.”

The Troika deal accepted the

higher figure of 124 per cent by 2020. Though there is no explicit write-down of the nominal value of Greek debt, the host of measures constitutes an easing of the financial terms for Greece, and is projected to reduce Greek debt by 20 per cent of GDP immediately. Gavyn Davies, a fund manager writing in the *Financial Times*, described the deal as “disguised Greek debt forgiveness.” The social movement Greek Debt Audit Campaign denounced the Troika decision, arguing that it “deepens rather than solves the fiscal crisis”. Instead, it advocates “suspension of capital and interest payments ... on sovereign state terms.”

The public disagreements have again raised questions as to whether the Fund’s junior position in the Troika (see *Update* 82) and the disproportionate influence of European states on its board has inhibited the IMF’s ability to conduct its role objectively. Ex-IMF official Charles Blitzer told the *Financial Times* in November that from the Fund’s perspective “if you’re the minority player like in Greece right now, your leverage is de facto limited.” ©

Time for euro zone to revisit debt default option, Ashoka Mody

🌐 [tinyurl.com/ModyDebt](http://tinyurl.com/ModyDebt)

Goodnight Greece, good morning colony! Greek Debt Audit Campaign

🌐 [www.elegr.gr/details.php?id=387](http://www.elegr.gr/details.php?id=387)

# IMF controversy: is austerity backfiring?

**The IMF’s shift in stance regarding easing Greece’s debt burden (see above) reflects a deepening controversy about whether austerity policies are counter-productive.**

The IMF triggered renewed debate over austerity (see *Update* 82, 80, 78, 76) when its October *World Economic Outlook* (WEO) revised growth forecasts down significantly, after already having done so in three consecutive previous editions. To justify its consistent over-optimism, the IMF examined the economic impact of austerity policies by re-estimating so-called fiscal multipliers; it concluded that its economic models were incorrect.

The WEO section examining fiscal multipliers, co-authored by IMF chief economist Olivier Blanchard, found that “the negative short-term effects of fiscal cutbacks have been larger than expected because fiscal multipliers were underestimated” by a factor of two to three. The degree of under-estimation was found to be “large, negative and significant.” The analysis suggested that socio-economic factors were also more negatively affected than presumed, including “large and

significant” effects on unemployment. Paul Krugman, Nobel prize-winning economist, offered “kudos to the Fund for having the courage to say this, which means ... admitting its own analysis was flawed.” Brazil’s finance minister, Guido Montega, welcomed the Fund’s position, suggesting that “single-minded and draconian fiscal policies may be counterproductive and have a tendency to backfire.”

The IMF is adamant that this analysis merely confirms the Fund’s advice for fiscal consolidation, articulated by Blanchard as “don’t do it too slow, don’t do it too fast.” Writing in the *Financial Times* in October, Lorenzo Bini Smaghi, former board member of the European Central Bank, suggested that the Fund’s study does not prove that austerity is “doomed to fail”, instead it depends on the “patience of voters to endure a prolonged adjustment effort and the patience of financial markets.” He argued

that the IMF’s “subtle message” is that countries “wishing to spread out fiscal adjustment should probably seek the assistance of the IMF.”

## The austerity balancing act

The IMF appears to be striking a balance between softening austerity while cautioning against expansion. In its November briefing note to the G20 it acknowledged that European “austerity may become politically and socially untenable in periphery countries, as structural and fiscal reforms will still take years to complete ... governments under pressure would be forced to implement even further fiscal adjustment, resulting in larger GDP losses and significant spillovers on other economies.”

Bolivian finance minister Luis Arce Catacora argued at the IMF annual meetings in October that the ongoing financial crisis is symptomatic of a “macroeconomic policy crisis, expressed in the lack of ade-

quate policy responses.” His statement added that due to the crisis’ global impact “developing countries will end up paying for what they have not caused.”

The WEO has also triggered debate over whether financial markets could support an alternative to austerity. An editorial by financial news agency Bloomberg argued in mid October that “it’s clear Europe has overdone austerity ... investors understand that Europe has locked itself into a vicious circle of slow growth and excess austerity.” Furthermore, research on fiscal multipliers conducted by Özlem Onaran of the University of Greenwich led her to conclude that “austerity measures will deepen the recession, and create a double dip in the global economy, decrease tax revenues, and make it even harder to repay debt. The only way out of this crisis is expansionary fiscal policy and higher wages.” ©

World Economic Outlook

🌐 [tinyurl.com/IMFWEO2012](http://tinyurl.com/IMFWEO2012)

A Global 1937, Paul Krugman

🌐 [tinyurl.com/KrugKudos](http://tinyurl.com/KrugKudos)

Statement by the Hon. Luis Arce Catacora

🌐 [tinyurl.com/LACatacora](http://tinyurl.com/LACatacora)

The Egyptian government has finally concluded an initial loan agreement with the IMF following two years of continual negotiations. The agreement is to be finalised by the IMF board and then signed and ratified by the Egyptian president, who holds both executive and legislative powers following the parliament's disbanding several months ago. The government hopes that the loan will help to overcome Egypt's chronic fiscal and financial problems that have become pressing due to the political turmoil following Mubarak's ouster in February 2011.

The Egyptian economy is suffering from an ever-widening fiscal deficit that has exceeded 11 per cent of GDP in the last fiscal year. The deficit is expected to increase to 13 per cent by the end of the current fiscal year. Moreover, the Egyptian economy has been suffering from dwindling foreign reserves and a deteriorating balance of payments position, with large capital outflows, low investment rates and a slow recovery in the tourism sector.

The IMF loan is seen as a way out of these complex crises. The government claims that Egypt's foreign debt stock is not that big (around \$32 billion) and that the cost of foreign borrowing is far lower than domestic borrowing. In support, they claim that the IMF loan will open the door to more capital inflows including through borrowing from other international financial institutions and via attracting foreign investments.

The IMF loan does not provide a way out of Egypt's economic troubles, for many reasons. To start with, the IMF loan is worth 30 billion Egyptian pounds (\$4.9 billion), which is hardly sufficient to cover the projected budget deficit that is expected to range from 170 to 200 billion Egyptian pounds.

Secondly, even if the IMF agreement opens the door to additional loans, most of the money will go to cover current expenses unless Egypt's budget undergoes serious restructuring. The new regime has proven to be quite incapable of tackling sensitive economic issues, such as energy subsidies, the exchange rate and taxation policies. The restructuring of public expenditure is a medium-term issue that is contingent upon the new rulers' political will and their capacity to forge a broad socio-political alliance that may enable

## The IMF in Egypt: revolution or coming full circle?

COMMENT

by Amr Adly,  
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Thirdly, the government claims that the IMF loan will serve as an indicator that the Egyptian economy is on track for recovery and that the country has a clear set of policies. This is expected to support Egypt's drive for recovery by attracting foreign direct investment and thus generating higher rates of growth. This argument hardly stands as there are other variables which attracting investment is contingent upon: political stabilisation, the international financial crisis and domestic security, to name a few.

One can safely say that the IMF loan will barely contribute to Egypt's economic recovery. The IMF loan agreement is likely to attempt to solve the state's fiscal problems through higher indirect taxes, slashing subsidy and devaluation of the local currency. The loan is not inevitable or necessary to support the economy and pull it out of an imminent recession. Rather it risks pushing Egypt into a spiral of public indebtedness that will deepen its fiscal and financial crises and undermine genuine chances of democratisation.

What the IMF loan offers is support for a set of political-economic choices that are predominantly conservative and that aim to reproduce the same old economic settings and interests without the least change following the revolution. The IMF package simply holds the broader base of Egyptians liable to pay for the readjustment of the economy. The package's likely reforms significantly contradict the Egyptian people's aspirations to remodel the country's development paradigm to be more just and inclusive. ©

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## IFIs' new "house of cards" in Central and Eastern Europe

IFIs are renewing their focus on Central and Eastern European states as their growth rates fall. The World Bank has promised more funding for countries at risk of instability, however, IMF loans being negotiated with Hungary and Romania have met with controversy.

In a November Joint IFI Action Plan the World Bank Group, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) pledged up to €30 billion (\$39 billion) in joint commitments during 2013-14 to support economic recovery and growth in Central and South Eastern Europe due to a crisis "largely not of their making" according to EBRD president Suma Chakrabarti. The Joint IFI Action Plan builds on the Vienna Initiative

of 2009-10 (see *Update* 74).

The World Bank is pledging €6.5 billion under the plan, €4.5 from the International Bank for Reconstruction and Development (IBRD, its middle-income country lending arm), and the International Development Association (IDA, its concessional grants and lending arm). The remainder will come from the Bank's private sector arm, the International Finance Corporation. Questioned over how much of this funding would be additional, a spokesperson said "of the €4.5 billion IBRD/IDA funding ... for FY2013 \$2.3 billion (€1.77 billion) is new."

Mark Fodor, of NGO network CEE Bankwatch, said "I am sceptical as to the role of the World Bank, given IFIs' investment track record

in the region. Their support exacerbated vulnerability to international volatility. They built a house of cards, promoting policies so that economies appeared strong but were actually left more exposed to global economic instability."

In 2008 Hungary secured an IMF-EU loan worth €20 billion (see *Update* 74, 72, 66). In January talks with the IMF and EU resumed to establish a credit line worth between €12 and €15 billion. In October the Hungarian government launched a public advertising campaign that rejected Fund demands for austerity. The defiance was described by financial analyst Zoltan Arokszállasi as "choreography." He added "the government is trying to assure a favourable way out for itself, even if there is a deal

with the IMF." In early November the government indicated a willingness to agree a deal.

Romania's president Traian Basescu announced in November that his government is seeking a new standby agreement for when its current package expires in spring 2013. The 2009 \$24.7 billion loan agreement, obtained from the IMF, EU and World Bank, required sharp spending cuts. Widespread street protests earlier this year opposed the policies of the centre-right government, which subsequently lost the elections. The Fund demanded the retention of labour market reforms though admitted unemployment remained "high". Petru Danea, of trade union Cartel Alfa, said that the "idea of the labour reforms was to reduce the relationship between employers and employees to an individual labour agreement." ©

# Kim's strategy: real change or "PR exercise"?

**The World Bank's new president Jim Yong Kim set out his vision for the institution at the Bank's annual meetings in mid October, but his desire to build a 'solutions' bank and end absolute poverty comes with few details or big changes at the Bank.**

Throughout the autumn the Bank has been publicising a campaign, which asks people "What will it take to end poverty?" At the annual meetings in Tokyo, Kim revealed that within a year he would set a Bank-wide target to end absolute poverty, meaning bringing everyone in the world above the contested poverty line of \$1.25 a day in income (see *Update* 80, 78, 62). Kim, though admitting that the Bank could not set such a target in isolation from governments, said that it would give the Bank "clarity" on how its activities, structures and processes "align with this notion that we are going to end poverty".

Kim mentioned "build[ing] shared prosperity" as a goal, but did not delve into more detail. An internal committee at the Bank, chaired by chief economist Kaushik Basu and managing director Sri Mulyani Indrawati, is working on defining this concept in more detail and proposing targets, as well as agreeing a date by which the Bank proposes to end absolute poverty.

Sabina Alkire of the Oxford Poverty and Human Development Initiative welcomed Kim's determination to end absolute poverty, but worried about aspects of poverty that are missed by this focus. Alkire said "I'm hoping that the World Bank will think carefully about how it defines and targets poverty, so that its measures support seamless work towards eradicating deprivations in education, health, nutrition, assets, services and livelihoods, as well as in income."

"If the Bank is serious about ending poverty, it must address the issue of inequality head on," argued Nuria Molina of NGO Save the Children UK. "Inequality is one of the defining problems of our global economy, so the Bank looks out of touch when it fails to put some of its analytical work into practice and support countries to actively manage and reduce inequality. It needs to think much more about inequality; but also about human rights, justice and sustainability."

## 'Solutions' bank

In his annual meetings speech, Kim said that the Bank "must grow from being a 'knowledge' bank to being a 'solutions' bank. To support our clients in applying evidence-based, non-ideological solutions to development challenges." Owen Barder, European director of US think tank Center for Global Development (CGD), expressed doubts about the concept: "Solutions emerge from internal processes. They are not things that can be put into banks."

An explicit theme in Kim's presentation was internal reform at the Bank. Kim promised to "work with our board to streamline our procedures, simplify our processes, and cut down project preparation time." The idea is for the Bank to focus on the results of its activities rather than the volume of finance it disburses.

## New ideas

Kim also announced new initiatives in Tokyo. He promised to

build upon the commitment to transparency and open data that was launched under his predecessor Robert Zoellick by "investing in data and analytic tools", promising to "work with our partners to ensure virtually all developing countries have timely and accurate data." Seeking to tie Bank processes into his goals, he pledged to make poverty data available annually instead of every three years.

Just before Tokyo he announced that he wanted to build on the "fail faires" that the Bank has hosted in the past to "explore why specific projects fell short of expectations. I want to expand these events, make them more systematic, and disseminate the results. I will start chairing these workshops personally. The first is scheduled for early December. ... We'll broaden participation in these exercises to include affected communities and outside critics, and we'll publish the proceedings and conclusions." It is not clear how far back the Bank will look for failed projects or who will be included in the initial discussions on why projects failed.

"Another public relations exercise" was how Demba Moussa Dembele of Senagalese NGO Forum des Alternatives Africaines saw Kim's new directions. "I am not sure the new president has asked the fundamental questions why the Bank has so far failed. I am sure, like his predecessors, he would recommend the same old failed policies: the market, trade and financial liberalisation, minimal state interven-

tion, and so forth. Without a radical departure from these policies, there will be no improvement."

## The future of IDA?

Next year's 17th replenishment of IDA, the World Bank's low-income country concessional lending and grants arm (see *Update* 69) will test the Bank's new absolute poverty focus. Negotiations will start formally in March, but in mid November the Bank held a mid-term review for IDA 16 (see *Update* 74) in Côte d'Ivoire. The progress report for the meeting, which assessed the 18 months of IDA 16 implementation, revealed that the Bank is still underachieving on some of its indicators.

A key question facing IDA 17 will be graduation, the process by which countries become ineligible to receive IDA funds and must take loans from the Bank's middle-income arm, the International Bank for Reconstruction and Development (IBRD). A paper for the mid-term review identified six countries likely to graduate soon, including India which hosts the largest number of absolutely poor people, about 35 per cent of the global total according to the Bank's most recent analysis.

An October paper from a working group of CGD argued that IDA needs to be completely rethought, including potentially shrinking it. Among their recommendations were to "revisit IDA's performance-based allocation system" (see *Update* 50), "create an IDA+ transitional window between IDA and IBRD", and "embrace potential new donors".

Recommendations for a new IDA

[www.tinyurl.com/CGD-IDApaper](http://www.tinyurl.com/CGD-IDApaper)

## Pakistan loan talks despite opposition

Talks between the IMF and Pakistan under post-programme monitoring resumed in September. Despite confidence amongst Pakistan officials in their country's capacity to repay its loans, the IMF fears the need for a second loan early next year. In 2011-12 Pakistan repaid \$1.2 billion to the IMF for an initial \$11.3 billion loan which was never fully disbursed. The Committee for the Abolition of Third World Debt in Pakistan (CADTM) has led civil society demands for the cancellation of Pakistan's IFI debt. Its 2011 book points to the 2010 floods which have increased the urgency of reconstruction efforts. So far, the government has resisted these pressures.

IFIs & debt politics

[www.cadtm-pakistan.org](http://www.cadtm-pakistan.org)

## Bangladesh to raise VAT under IMF pressure

The Bangladeshi government is being pressured by the IMF's Asia and Pacific department officials to implement its recommendations, including raising the VAT rate, despite opposition from local civil society organisations. The IMF is to withhold the second instalment of a \$1 billion loan, agreed last April, if its conditions are not met, according to Asian News Network. A campaign launched by Bangladeshi NGO Equity and Justice Group, endorsed by over 30 organisations, opposes the VAT increase, calling instead for "expanding direct taxes, such as a progressive income tax" and "increasing taxation on corporate profits".

[www.equitybd.org/English/campaign/index3.html](http://www.equitybd.org/English/campaign/index3.html)

## Turkey to repay IMF debts by April

The Turkish prime minister, Recep Tayyip Erdogan, declared in October, "we owe a total of \$1.3 billion to the IMF and we will cut it to zero by next April", according to Anatolia News Agency. At the June G20 Summit Erdogan pledged \$5 billion to the IMF's financial pool to fight the economic crisis (see *Update* 82). However, Yilmaz Akyüz from the intergovernmental think tank the South Centre points out that "the money [Turkey is] offering is not earned from current account surpluses, but coming from capital inflows, including hot money in search of quick profits." He warned that "breaking away from the Fund does not always mean that countries pursue sensible and sustainable policies."

[www.tinyurl.com/turkeyimf](http://www.tinyurl.com/turkeyimf)

## IMF-Zimbabwe relations tentatively resume

In September the IMF praised Zimbabwe's efforts to repay its debts to the Fund and relaxed restrictions on technical assistance. Despite attempts to re-establish links with multilateral agencies, Zimbabwe still owes \$131 million in arrears to the IMF which has barred it from receiving new loans since 2001. The IMF board also advised the Zimbabwean government to seek funding for its census, as well as for a constitutional referendum and presidential elections, because of its \$400 million budget deficit. Hopewell Gumbo of the Zimbabwe Coalition on Debt and Development said "We remain sceptical about opening up to an IMF monitored program which will rub salt into wounds incurred under the Economic Structural Adjustment Program of the mid 90s."

## Inside the institutions **World Bank corporate scorecard**

**Every six months the World Bank issues a corporate scorecard, which is submitted each autumn to the Bank's annual meetings. The scorecard is supposed to "provide a snapshot of the Bank's overall performance, including its business modernisation, in the context of development results." It is compiled by Bank staff to "facilitat[e] strategic dialogue between management and the board on progress made and areas that need attention."**

The World Bank first proposed its corporate scorecard in 1998 under then Bank president James Wolfensohn. However, the proposal was only acted upon slowly. A 2001 paper for an OECD working party on aid evaluation said the scorecard suffered from a "lack of a clear use" and that efforts to develop it "lacked resources, clear accountabilities, and decisive follow-through by management". The idea was operationalised under Robert Zoellick's tenure as Bank president. The first full scorecard was published in September 2011.

The scorecard is made up of four tiers. **Tier I** measures long-term development within the global development context, using the Millennium Development Goals framework as well as other UN indicators to measure progress. The Bank argues that it is difficult to pinpoint its own impact, so instead of scoring itself it compares data to a baseline year. There are currently 28 indicators clustered into five areas: growth, jobs and poverty; institutions and governance; human development and gender; sustainable development; and finance, private sector development and trade. They include, for example, per capita GDP and maternal mortality ratios.

**Tier II** is concerned with Bank support to specific countries and uses 22 indicators that measure the number of countries or the amount of support in four clusters: institutions and governance; human development and gender; sustainable development; and finance, private sector development and trade. Again, the Bank uses the baseline method to measure progress because the result is accredited to individual countries. Examples of indicators are kilometres of roads built and the number of countries with Bank-supported programmes on procurement.

**Tier III** evaluates the Bank's effectiveness in implementing its development goals. There are 21 indicators examining the Bank's development outcome ratings and its operational effectiveness. Within operational effectiveness the indicators are grouped in three clusters: lending operations; knowledge activities; and use of country systems. Most indicators in this tier are

measured by the Bank management using a traffic light rating system. Red signals that the indicator is off-track, i.e. below the baseline or performance standard. Yellow indicates that there is no increase or decrease and green highlights an on-track indicator which has increased or improved. Indicators include the number of visits to the Bank's open data website and the level of satisfactory ratings for Bank-funded projects at project completion.

Lastly, **Tier IV** examines the efficient use of staff and resources, as well as the ability of the Bank to modernise in response to changes. The 25 indicators are also measured using the traffic light system and are in two groups: resources, skills, and business modernisation; and sector actions related to post-crisis directions.

Over time, additional indicators have been added to the scorecard. For Tier I, the Bank introduced three new indicators in its most recent scorecard, including a measure of domestic credit to the private sector as a percentage of GDP. The indicator for CO<sub>2</sub> emissions was also altered to include its economic cost. In Tier III, a new indicator was added to measure the integration of beneficiary feedback in the Bank's operations. In future, there will also be an indicator measuring the perceived contribution of the Bank in providing knowledge and research to achieve development results.

The scorecard system remains limited as the first two tiers do not rate the Bank's performance. In addition, only some parts of the corporate scorecard are rated by independent bodies, like the Bank's Independent Evaluation Group (IEG); the rest is left to the Bank's internal systems and management, calling into question the independence of subjective performance ratings.

The September 2012 scorecard, the Bank's third, identified several Bank shortcomings. For instance, only 63 per cent of completed Country Assistance Strategies (see *Update 70*) were rated satisfactory by the IEG, which was below the performance standard of 70 per cent. Similarly, the Bank's clients rated the Bank's effectiveness as 6.7 on average, lower than the 7 performance standard, earning it a yellow light. In Tier IV, the measure for decentralisation, the percentage of tasks managed by staff in the field, was only 44 per cent and was given a yellow light. ©

World Bank corporate scorecard

[corporatescorecard.worldbank.org](http://corporatescorecard.worldbank.org)

## "Cosmetic" changes to IMF governance

**The IMF is about to embark on a new round of negotiations over governance reform, but acrimony persists and already-agreed changes remain unimplemented.**

The IMF is due to agree a new formula (see *Update 79*) to guide voting rights at the institution by the end of January 2013 (see *Update 81, 73*). The main debates in the quota formula review are over the inclusion of factors that measure trade openness and volatility, as well as the balance between the market-exchange-rate valuation of GDP with the purchasing power parity (PPP) valuation of GDP. Developing countries prefer the PPP valuation.

The Fund board discussed the formula again at end September, but failed to come to an agreement. The summary of the discussion included statements like "different views were expressed" and "views continued to diverge".

The Indian representative on the IMF board, Arvind Virmani, wrote in mid October that "the emerging economies, particularly Brazil, India and Russia, have called for a fundamental reform of the IMF quota formula, arguing that the formula is fundamentally flawed."

However, the quota formula reform is only the first step in the process, as afterwards countries will negotiate the application of the formula to a quota increase at the IMF and thus a change in voting rights. That is scheduled to take another year, with the process concluding in January 2014. Implementation will take even longer.

Acrimony has also been stoked by the failure to implement the 2010 agreement on governance reform at the Fund. The deadline for implementation was set to be the 2012 annual meetings, but was missed because the US administration failed to get Congressional approval (see *Update 82*). As of end November the US Treasury had still failed to send the legislation to Congress and told US civil society organisations that it was "thinking hard" about when to do so.

### IMF board reform "slow, small"

The 2010 deal had interlocking

agreements for doubling the size of funds contributed to the IMF, shifting some voting weight and reforming the executive board. All executive directors were to be elected, rather than allowing the top five shareholders to unilaterally appoint directors. However, the regular bi-annual election, held in early November, had to proceed under the old rules because of the implementation delays.

Europeans had promised to give up two full seats on the board to emerging market and developing country representatives, but the vote saw the Europeans still hold onto eight chairs, including seven for European Union members and one for Switzerland, out of the 24 total. The main change

was Belgium, which moved from chairing a constituency to sharing a chair with the Netherlands. This left its old constituency chaired by Austria, though it has promised to rotate with Turkey. Former US Treasury official Ted Truman, now with the US think tank the Peterson Institute, complained of the seat reshuffle being "slow, small and largely cosmetic".

There are more radical ideas. An October proposal from Robert Wade of the London School of Economics and Jakob Vestergaard of the Danish Institute of International Studies argues for voting rights to be divided up almost evenly between four regions of the world: Asia, Africa, the Americas and Europe, with some of the votes distributed according to economic size within each region. ©

Wade and Vestergaard proposal  
[tinyurl.com/IMFcredibility](http://tinyurl.com/IMFcredibility)

IMF quota formula flawed, Arvind Virmani  
[tinyurl.com/virmaniquota](http://tinyurl.com/virmaniquota)

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# World Bank on jobs: “a race to the bottom”?

**Two October World Bank reports reveal a contradictory message for developing countries' labour markets. The 2013 World Development Report (WDR) asserts that “jobs are a cornerstone of development”. In contrast, the new Doing Business Report (DBR) has drawn heavy criticism, prompting an independent review.**

In a significant departure from previous Bank approaches, the *WDR 2013: Jobs* promotes macroeconomic stability that takes account of human capital as well as labour practices which allow job creation and social protection for the most vulnerable. It calls for pro-development job creation strategies which complement “the specific country context”. Bank president Jim Yong Kim recognised in the foreword that most poor people in developing countries “are not earning enough to secure a better future for themselves; and at times they are working in unsafe conditions and without the protection of the law.”

## “Good jobs”, not decent work

Brendan Martin of UK NGO Public World, which has produced its own analysis of the *WDR*, said there was plenty to criticise in the report but welcomed its core messages. “It focusses on the need to create jobs, and recognises that growth, market forces and private sector development are not enough.” Owen Tudor from the UK Trades Union Congress (TUC) detected a “distinctly anti-public sector bias” in the report whilst the International Trade Union Confederation (ITUC) raised concerns about its neglect of the International Labour Organisation’s (ILO) decent work agenda, instead focusing on “good jobs”.

In October a policy directions document, *Creating jobs good for development*, was endorsed by the

Development Committee, the direction setting body of finance ministers for the World Bank. Written by Bank staff it emphasised the need to address the ‘plateau’ effect of labour regulations on employment and highlighted that the “public sector has an important role” in catalysing job markets. It placed the emphasis on governments to “prioritise policies supporting the jobs making the biggest contributions to living standards, productivity and social cohesion”. The document avoided any reference to the Bank’s own investments and portfolio and fell short of recommending Bank policy changes.

## Business for growth?

In contrast to the *WDR*’s emphasis on how “some jobs do more for development than others”, critics point to the uniformity behind the *Doing Business* cross-country rankings, which compare the business climate based on 10 topics, including ease of obtaining credit and paying taxes (see *Update* 81, 78). The Bank published the 2013 edition of the *DBR* report in early October. According to Christina Chang of UK NGO CAFOD, the rankings “skew vital resources away from the small and micro-enterprises which account for the vast majority of jobs and are critical in reducing poverty”.

At a debate during the Bank’s October annual meetings, Geoffrey Chongo from the Jesuit Centre for

Theological Reflection in Zambia commented that “the Zambian government has been obsessed with getting a top 50 ranking and was prepared to starve small and medium enterprise development in favour of multinationals to get it”. Zambia is ranked sixth for credit provision this year, however, more than 90 per cent of small businesses lack access to credit with interest rates above 25 per cent.

## Workers’ rights sidelined

The *DBR* 2013’s return to what the TUC calls the “elimination of workers’ protection rules” is also a major concern. In Morocco, this year’s “most improved country” in the rankings, over 100 violations of trade union rights were recorded by the ITUC in 2012. The employing workers’ indicator (see *Update* 78) remains suspended from this year’s rankings, pending ongoing discussions between the Bank and the ILO about its replacement. However the report singles out the “very restrictive approach” of some Sub-Saharan African countries to labour practices such as severance payments, contrasting Eastern Europe and Central Asian economies which have “focused on easing restrictions relating to redundancy dismissals.”

In Brazil, one of the world’s fast-

est growing economies though only ranked 130 in *DBR*, the rankings have received heavy criticism from business and the media. According to Adhemar Mineiro from Brazilian NGO networks REBRIP and DIEESE, in Brazil *Doing Business* “is not taken seriously as a ranking”. Instead, “investments [are determined by] market size, market growth rate, and access to natural resources.”

In response to heavy criticism of the rankings, reflected in an acrimonious board meeting to approve the 2013 edition of *DBR*, Kim has ordered a “thorough review” of lessons learned and commissioned a review panel to be chaired by Trevor Manuel, planning minister in South Africa. It is due to give its preliminary report to the Bank by end of March 2013 and the final report by May 2013.

Rudi Dicks from South African think tank National Labour and Economic Development Institute argued: “they should simply scrap the rankings. It’s simply a race to the bottom and fails to recognise the social, economic and political context of each country. *Doing Business* undermines policy space, a decent work programme and development.”

World Development Report 2013: Jobs, World Bank

[worldbank.org/wdr2013](http://worldbank.org/wdr2013)

Doing Business 2013, World Bank

[tinyurl.com/doingbusiness2013](http://tinyurl.com/doingbusiness2013)

Jobs and Development, Public World

[www.publicworld.org/files/wdr\\_commentary\\_3\\_oct\\_2012.pdf](http://www.publicworld.org/files/wdr_commentary_3_oct_2012.pdf)

What kind of review do we need of the Doing Business Rankings?

[www.cafod.org.uk/World-Bank-rankings-harm-poor](http://www.cafod.org.uk/World-Bank-rankings-harm-poor)

**“They should simply scrap the rankings”**

## World Bank challenged on gender

US NGO Gender Action’s October report *Banking on health* examines IFIs’ commitment to addressing gender issues in health-related projects. The study, assessing evidence from 2006 to 2012 in Sub-Saharan Africa, found that many World Bank and African Development Bank (AfDB) funded projects paid little attention to gender roles and failed to track the impacts of specific investment for women, whilst promoting user fees. The study highlights the absence of gender from project evaluation frameworks. The report argues that the “World Bank and AfDB risk undermining their own health-related goals by overlooking women’s rights and needs.”

Banking on health, Gender Action

[tinyurl.com/genderhealth](http://tinyurl.com/genderhealth)

## IFC education funds bypassing the poor

A November paper in the *International Journal of Educational Development* by Karen Mundy and Francine Menashy of the University of Toronto revealed that the International Finance Corporation’s (IFC, the Bank’s private sector arm) education funding pays limited attention to poverty and distributional issues. According to the study, the IFC’s education strategy appears to blend the business and social cases for boosting private sector involvement, particularly in low-income countries. However, because the IFC will only invest in financially sustainable projects, the study finds that most projects target middle or high-income, rather than low-income families.

[tinyurl.com/educationifc](http://tinyurl.com/educationifc)

## Bank to review its country classifications

In response to China and India’s graduation from low-income country (LIC) to middle-income country (MIC) status, the Bank has decided to review its country classification system (see *Update* 78). According to Bank lead poverty researcher Martin Ravillion, arbitrarily picked graduation thresholds “[have] been essentially fixed in real terms for over 40 years,” and do not measure the capacity of such countries to provide for their poor. The review will address whether per capita income, poverty rates or capacity measures should be the basis for classification, the level at which thresholds should be set and how frequently they should be updated.

World Bank country classification review

[tinyurl.com/countryclass](http://tinyurl.com/countryclass)

## IFC’s Oyu Tolgoi mine prompts complaint

In October, Mongolian herders took a complaint to the Compliance Advisor/Ombudsman, the International Finance Corporation’s (IFC) accountability mechanism, against the Oyu Tolgoi mine being considered for World Bank support (see *Update* 82). Herders forced to resettle because of the project have experienced extensive herd loss and raised concerns that the compensation being offered does not take into account scarcity of water and high quality pasture. “We do not need gold or money, but water and land to live,” declared L. Battengel, of the herder organisation Gobi Soil. Sukhgerel Dugersuren of Mongolian NGO OT Watch said “Rio Tinto is manipulating herders.”

[tinyurl.com/caotolgoi](http://tinyurl.com/caotolgoi)

# Call for freeze on World Bank 'land grabs'

**As Oxfam called on the World Bank to freeze large-scale land acquisitions, the Bank's new agriculture strategy remained under wraps. Concerns have also been raised about the development of *Doing Business in Agriculture*.**

The controversy around the World Bank's involvement in 'land grabs' continues (see *Update* 81). An October report by international NGO Oxfam, *'Our land, our lives'*, called on the Bank to temporarily "freeze its own land investments and review its policy and practice to prevent land-grabbing", referring to its role as an investor, advisor and standard setter. According to Oxfam, since 2008, 21 formal complaints have been brought to the Bank by communities claiming to have had their land rights violated. It asked the Bank to review the extent to which existing policies, activities and safeguards: ensure transparency on land deals; respect and uphold the principles of free prior and informed consent (FPIC) for all affected communities; promote land rights and good land governance; and promote food security and preserve the environment and natural resources.

The Bank rejected the call for an investment moratorium and claimed that it "does not support speculative land investments or acquisitions which take advantage of weak institutions in developing

countries or which disregard principles of responsible agricultural investment", but acknowledged "that in many cases, practices need to ensure more transparent and inclusive participation in cases of land transfers".

NGO GRAIN has also highlighted the Bank's role in land grabs, pointing specifically to the roles of its Multilateral Investment Guarantee Agency (MIGA) and its private sector arm, the International Finance Corporation. In an October report, GRAIN highlighted MIGA's political risk insurance to companies, such as Chayton Capital, a UK-based private equity fund spending \$300 million in agribusiness ventures in six African countries. This includes a 14-year lease on 20,000 hectares of land in Zambia, however, the firm denies involvement in land grabs. In March CEO Neil Crowder told the BBC World Service: "The World Bank has underwritten our assets for political risk ... we pay a premium for insurance and they guarantee against expropriation."

## Agriculture plans under cover

Meanwhile, the Bank's Agriculture

Action Plan for 2013-15 remained under wraps (see *Update* 80, 79). An unpublished May concept note clarified that the Bank does "not plan to have external consultations on the Action Plan document itself, but will continue with consultations on various elements during its implementation". The Social Justice Committee of Montreal, a Canadian NGO, has been raising the alarm about the process. Director Derek MacCuish said: "This plan is being developed in the midst of controversy over land use, land grabbing, increasing demand for food, for both humans and livestock, and bio-fuels, yet the Bank doesn't seem to think it warrants a consultative process. The lack of openness in the process is appalling."

According to the concept note it will "build on the foundation put in place and long-term directions set over the last three years, while responding to the evolving global context". This includes "more attention to the emerging issues of food prices and associated risk management; climate-smart agriculture; fostering broad private sector investment to spur growth and trade; and

to broaden partnerships."

Following the controversial *Doing Business* rankings (see page 6), the Bank is also developing *Doing Business in Agriculture* (DBA), which received official backing at the G8 meeting in May. According to the Bank's concept note, DBA aims to "develop a set of indicators of the laws and regulations affecting agricultural business in countries around the world ... to stimulate reforms in the legal and regulatory environment for agriculture across countries, ultimately improving smallholder productivity, agribusiness development and rural standards of living." However, German NGO Urgewald criticised its "top-down approach" and expressed concerns that "it will pave the way for big business in agriculture and ignore smallholder needs." No exact timetable has been confirmed, but the concept note indicates an official draft of DBA methodology by September 2013, with the first report ready by November 2014. ©

'Our land, our lives': Time out on the global land rush, Oxfam

[tinyurl.com/oxfamland](http://tinyurl.com/oxfamland)

Who's behind the land grabs?, GRAIN  
[www.grain.org/attachments/2606/download](http://www.grain.org/attachments/2606/download)

Improving rural standards of living or paving the way for big business in agriculture? Urgewald

[tinyurl.com/urgewalddb](http://tinyurl.com/urgewalddb)

## Safe in Bank hands? World Bank safeguards review launched

The World Bank finally launched the two-year review of its environmental and social safeguard policies in October. Whilst the Bank committed to a robust outcome, civil society organisations (CSOs) have highlighted concerns that the emerging framework will replace existing safeguards with "vague principles and non-mandatory 'flexible' implementation standards".

The review's stated main objective is to "strengthen the effectiveness of the safeguard policies in order to enhance the development impact of World Bank-supported projects and programmes" with a view to creating an "integrated framework" to address future environmental and social risks.

More than 120 Indonesian civil society groups signed a statement in October calling on the Bank to "avoid simply serv[ing] the narrow interests of public and private

sector borrowers in weakening the Bank's existing social and environmental standards." Titi Soentoro from the Indonesian NGO Aksi, reminded that safeguards "emerged in large part as a result of pressure from communities suffering from negative social and environmental impacts of projects and programmes funded by the World Bank and other international financial institutions."

The review process will consist of three phases of consultation, concluding in March 2014, during which the Bank has asked to hear from "communities directly affected by World Bank-funded projects". Nevertheless, at the first consultation meeting in Washington in November, Stephanie Fried from the US-based NGO 'Ulu Foundation, criticised the consultation's "move away from transparency", and other NGOs highlighted the risk of

marginalised groups, particularly women and disabled people, being excluded.

Although Bank president Jim Yong Kim stressed the Bank has "no intention of diluting the safeguards" at the Bank's annual meetings in mid October, CSOs have raised concerns that they will have limited application. In a November submission to the Bank, more than 20 CSOs recommended that the new safeguards framework should apply to all types of Bank-supported activities, such as Program-for-Results and development policy loans (see *Update* 82). The Bank has continually stated that the review will be "separate but parallel" to its investment lending review (ILR) (see *Update* 82).

The Bank's revised ILR paper, issued in November reiterated its "conviction" that the process of modernising the IL policy frame-

work will not lead to any dilution of Bank policies but rather to an increase in their development effectiveness."

NGOs have repeatedly stressed the danger of the Bank's lending policies eroding the human rights of indigenous and community groups. In their November joint submission CSOs called for an "overarching human rights policy", which includes labour, disability and women's rights. Jessica Evans from US NGO Human Rights Watch commented "the World Bank needs to recognise that human rights are critically important to its efforts to reduce poverty." She urged Kim to look to his "legacy on human rights" and not to "miss a key opportunity to show the Bank will change for the better under his leadership". ©

HRW press release

[tinyurl.com/HRW-CIEL-press-release](http://tinyurl.com/HRW-CIEL-press-release)

Response of Indonesian civil society to World Bank safeguard policy review.

[tinyurl.com/CSO-safeguards-submission](http://tinyurl.com/CSO-safeguards-submission)

## IMF new view on capital flows: "landmark" but still only a "baby-step forward"

The IMF's new "institutional view" on capital flows, despite being more flexible than its previous stances, has nonetheless angered developing countries who blame rich country policies for volatility in financial movements.

The IMF has been preparing the new institutional view on capital flows for over a year (see *Update* 82, 81, 79). Before the final policy paper was discussed at the board, Brazilian finance minister Guido Mantega launched a broadside against the Fund's approach in his statement to the annual meetings in mid October: "experience has shown that the free flow of capital is not necessarily the preferable option in all circumstances. We reaffirm the need for a more balanced approach within the IMF on how to limit excessive short-term capital flows."

Despite Brazil's outspoken position on the issue, the IMF agreed a new policy in mid November. The paper says: "there is no presumption that full liberalisation is an appropriate goal for all countries at all times," but argues that "countries with extensive and long-standing measures to limit capital flows are likely to benefit from further liberalisation in an orderly manner."

A key concern of some developing countries was over the language in box 3 in the document, which "summarise[d] the main elements of the proposed institutional view on capital flow liberalisation and management". It crystallised the paper as saying that capital flow regulations "should be targeted, transparent, and generally temporary – being lifted once the surge abates, in light of their costs." Further, it says that regulations "should not be used to substitute for or avoid warranted macroeconomic adjustment". The paper clarifies that in response to inflow surges, a number of macroeconomic adjustments should be considered including altering interest rates, allowing exchange rate changes or accumulating reserves. However, the December summary of the executive board discussion, commits the Fund to avoiding lending conditionality on capital account regulations, saying those regulations "maintained outside of the proposed institutional view would not be considered measures that the Fund could require members to eliminate."

The summary also made clear that divisions remain on the board. It said that: "A few directors noted therefore that adopting an institutional view at this stage would seem premature". Opposition to

parts of the final paper came principally from the executive directors of Brazil, Argentina and India.

The summary makes clear that "many directors", in IMF terminology meaning between 10 and 15 directors of a total of 24, "emphasised that the role of source countries in capital flows should be adequately integrated into the institutional view", revealing one of the main bones of contention. While the paper says "source countries should better internalise the spillovers from their monetary and prudential policies, because push factors ... also contribute importantly to capital flows," it includes little detail on how the IMF would act differently towards those rich countries. Deputy governor of the Peoples Bank of China, Yi Gang, commented in his statement to the annual meetings that the "surveillance of macroeconomic, financial sector policies, and capital flow volatilities originating from major reserve currency-issuing economies should be accorded with greater priority."

Kevin Gallagher of Boston University called the IMF's new position "truly landmark" but went on to say it "does not go far enough. The IMF is still biased toward the eventual liberalisation and deregulation of capital flows". The IMF puts the majority of the burden for regulating capital flows on emerging market and developing countries, not the industrialised nations that are the source of the speculative finance ... The IMF's baby-step forward may amount to a big step backward in the broader debate and discussion on the management of capital flows."

Kavaljit Singh of Indian think tank Public Interest Research Group argued that "its strict adherence to a particular theoretical framework is very much evident in the policy paper which strongly argues that capital flow liberalisation is generally more beneficial and can spur financial and institutional development. In the post-crisis world, there is overwhelming evidence which suggests that pro-cyclical capital flows engender both macroeconomic and financial instability, and even countries with strong macroeconomic fundamentals cannot cope with volatile capital flows. ... A major departure from its theoretical positions on capital flows could have added to the credibility and legitimacy of the IMF as an unbiased policy advisor to member-countries. Alas, the IMF has lost this opportunity. ©

## World Bank accused of racism

An online petition launched in April by an international group of current and former Bank staffers, Justice for Blacks, calls upon NGO Human Rights Watch, the Bank's governing board and the US government to investigate the Bank's inability to uphold its policy of "zero-tolerance policy for discrimination". The group has raised concerns about equal opportunities, equal pay and the Bank's administrative tribunal mechanism. They cite US NGO the Government Accountability Project's 2009 report (see *Update* 66) and two recent discrimination cases in 2010 and 2011 respectively. The principle charge of the petition, which has received nearly 1,500 signatures, is not only that the Bank is failing on racial diversity, but that it is engaged in violation of human rights

🌐 [change.org/petitions/end-racial-discrimination-at-the-world-bank](http://change.org/petitions/end-racial-discrimination-at-the-world-bank)

## IMF warns of risks from derivatives markets

An October IMF working paper has linked heavy bank trading to market risks if financial deepening occurs, as it emerges that over-the-counter (OTC) derivatives trades are set to avoid US and European market infrastructure regulations. Speaking at a conference in end October Manmohan Singh, a senior economist at the Fund, said his research shows that the OTC derivatives market has a collateral shortfall worth around \$2 trillion. Failing to regulate the market will increase risks and allow sovereign wealth funds and local municipalities to "free ride the system", posing threats to exposed economies, such as Portugal.

🌐 [tinyurl.com/bankingandtrading](http://tinyurl.com/bankingandtrading)

## IMF names investment banker as Western Hemisphere department head

Former Mexican deputy finance minister Alejandro Werner is to head the IMF's Western Hemisphere department overseeing. Werner, currently head of corporate and investment banking at Mexican private bank BBVA Bancomer, is to begin his appointment early January 2013. The Western Hemisphere department is responsible for economic surveillance of the US, as well as Latin America and the Caribbean. Werner will also have oversight over loan programmes to the region. Oscar Ugarteche, of the University of Mexico and *LatinDadd*, raised concerns about his "very strong links to the financial sector." He "doesn't believe in counter cyclical policies"; his "reward" is "an expression of how the IMF is not changing and of Mexico's importance for the US Treasury."

## Nominate the best 2012 Bankspeak

According to a much-heralded tradition, each year our first issue of the *Bretton Woods Update* features 'Bankspeak of the year' - the most incomprehensible or absurd use of words in a World Bank or IMF document or speech, as nominated by our readers. 2012 should provide no shortage of examples given the resurgence of the IFIs. Also, we will present your list of recommended resources - the best of books, reports and articles written about the work of the Bank and Fund in 2012. Suggestions from readers for both features are requested.

📧 Send your suggestions to [bankspeak@brettonwoodsproject.org](mailto:bankspeak@brettonwoodsproject.org)



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