BRETTON WOODS update

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

A forest of failures: "Negligible" sustainability in Bank's forest work

A leaked copy of an evaluation of the Bank's forest strategy criticises the Bank's failure to address social and environmental goals. Further criticism has also been raised over the Bank's Forest Carbon Partnership Facility (FCPF).

The draft December report by the Bank's arms-length evaluation unit, the Independent Evaluation Group (IEG), which was discussed by the Bank's Committee on Development Effectiveness (CODE) in early February, assessed the implementation of the Bank's 2002 forest strategy. It concluded that "the Bank Group's record in managing the trade-offs and tensions between conservation, poverty alleviation, and growth objectives shows that expectations, as envisioned by the 2002 strategy, have not yet been met." It pointed to several weaknesses including that "poverty reduction, for the most part, has not been satisfactorily addressed", noting that projects "often assumed, without verification, that benefits would accrue to the poor".

The strategy and the associated revised operational policy most controversially lifted a ban on direct financing of industrial logging in moist tropical forests (see *Update* 29). The IEG report concluded that "evidence is lacking" that the Bank-supported industrial timber concession reforms have "led to sustainable and inclusive economic development." The report noted that the reforms "have usually neglected or underestimated the nontimber values and uses of the forests, with respect to the livelihoods of forest-dependent people, their traditional claims, sociocultural values, and overall sense of security." It concluded "there have been negligible outcomes in managing natural forests in a socially and environmentally sustainable way" and noted that: "Sustainability of the environmental outcomes in three-quarters of the Bank-supported projects was found to be at risk". Furthermore, "only one-third of the protected area projects designed since 2008 included climate change considerations in project design."

ROBIN HEIGHWAY-BURY / THOROGOOD

The IEG's recommendations include "building more meaningful community participation into design and management of protected areas"; to "expand support for participatory forest management"; and to "undertake and disclose a comprehensive review of the economic, environmental and social outcomes associated with World Bank support for industrial timber concession reforms … [to] determine whether and how the World Bank Group can realistically support effective sustainable forest management in tropical moist forest countries." The Bank's January draft management response to the report, also leaked, stated that: "While we agree with several [of] IEG's findings, we strongly disagree with others", and that the report "contains a number of inaccuracies and misleading assertions". It rejected the recommendation for a review on several grounds, including since the concession reforms had not been designed "as targeted poverty interventions". It also claimed that a review would have "significant implications for the on-going safeguards review process" (see *Update* 83, 82).

Before the CODE meeting, NGOs Greenpeace, Bank Information Center and Global Witness urged the Bank's board members "to ensure that the Bank commits to halting its support for industrial-scale logging in tropical rainforests in favour of alternative approaches that prioritise land rights, rural livelihoods, and the protection of vital ecological functions."

More troubles in the forests

Prior to the IEG report, a November Bank report on African forests listed seven action areas, including "sustainable protection and development for wood-fuel and charcoal industries to serve domestic (and potentially export) markets"; "plantation management to support a range of timber products in addition to wood-fuel"; and "development of REDD+ (reduced emissions from deforestation and forest degradation) programmes and carbon finance".

The Bank's engagement with REDD+ is partly through the FCPF, which funds developing countries' national REDD+ plans (see *Update* 81, 78, 76, 75). However, according to an IEG report published in August 2012, the FCPF has been costly and slow to operate. It notes that, since its inception, the FCPF "has spent approximately $22 million to deliver a total of $4.9 million in grants ... 70 per cent of which have been utilised by five countries." The report's recommendations include that the FCPF needs "to update and clarify its mission to the World Bank's board and to its participating members in relation to the changes that are taking part in the carbon market" and "a high-level strategic discussion on its overall approach to REDD". FCPF's management team at the Bank clarified that discussions on changes in the external environment are already taking place and supported the recommendation on REDD+, confirming that it "certainly entails significant challenges".

Leaked IEG forest evaluation
tinyurl.com/iegforest

Leaked management response
tinyurl.com/iegforestresp

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Getting its hands dirty: Bank increases fossil fuel lending

As the World Bank president becomes more vocal about climate change, concerns remain about the Bank's involvement in fossil fuels, including projects in Mongolia and Central Asia, and questions have been raised about its accountability for hydro projects in India and Guatemala.

Following the November Bank report on the science of climate change (see *Update* 83), in a January article in the *Washington Times* Bank president Jim Yong Kim asked the world to "make climate change a priority". Kim called for a "bold global approach to help avoid the climate catastrophe it faces today" where the Bank "is ready to work with others to meet this challenge … with every investment we make and every action we take".

Despite these promising words, the Bank remains committed to fossil fuels. In a December press conference Kim ruled out any major changes in "the next five or ten years", stating that: "We know that fossil fuels will be part of our future for the foreseeable future." According to a November working paper by US-based NGO World Resources Institute, the Bank "has actually increased lending for fossil fuel projects and coal plants in recent years". The paper estimates that the Bank is currently funding 29 coal plants worth $5.3 billion, making it the second largest public international financer of coal–fired power plants, after the Japan Bank for International Cooperation.

second largest public international financier of coal

The Bank's intentions were put into further doubt as it emerged that the International Finance Corporation's (the IFC, the Bank's private sector arm) investment in the Mongolian Oyu Tolgoi mine (see page 5, *Update* 83, 82) includes a 750 megawatt coal-fired power plant to fuel the mining operations. According to Josef Skoldeberg of the IFC: "The [Bank's] coal guidelines don't apply to this project, because it's not a power investment per se … it's a mining project that needs to get power from somewhere." In addition, Skoldeberg argued that "the battle against climate change" will not be won by "foreclosing on energy options that mean access to basic electricity for the world's poorest people". There is no indication that the coal plant will power anything other than the mine.

The Bank and the IFC are also involved in facilitating the fossil fuel economy in other ways. A December report by US-based NGO Crude Accountability outlines IFI involvement in financing the construction of roads, ports and rail systems in the Caspian Sea region in Central Asia, to support growing oil and gas production and enable transport to Europe and Asia. According to the report it is unclear why IFIs are investing in the region, which traditionally does not rely on IFI assistance to fund projects. Moreover, the report raises concerns that IFIs "have further concentrated economic and political power in the hands of authoritarian elites", which could ultimately "undermin[e] their own chief missions of reducing poverty and encouraging transition in Central Asia."

No accountability for dams?

The Bank's inclusion of large-scale hydroelectric projects in its renewable energy portfolio also continues to cause concern. In India, the Bank has rejected demands for it to abandon its investments in the Vishnugad Pipalkoti hydroelectric project (see *Update* 82, 77), despite approval of an investigation by its accountability mechanism, the Inspection Panel (IP), in mid December. After causing several initial delays to the IP assessment, a January press release by the Bank openly challenged the IP's integrity, stating that "even if the Inspection Panel finds that the World Bank has not complied with any of its own operational policies, the Inspection Panel does not have jurisdiction to recommend a cancellation of the project". The Bank stated that the construction work will start once forest clearance has been granted by the government of India, regardless of the status of the IP investigation. However, according to Vimal Bhai, convenor of local organisation Matu Jansangthan, "blasting has already began for construction of tunnel for the Power House, putting the people in Harsari villages under immense strain." According to the IP, relevant documentation will be disclosed when the investigation commences in mid March.

Another Bank project in India came under criticism in January as fifty national groups and activists, including the National Alliance of People's Movements, questioned the government's environmental clearance for the Bank-funded Luhri hydropower project in Himachal Pradesh (see *CIFs Monitor*). They claimed that the project will affect 2,337 land owners and 9,674 people belonging to over 100 villages, including 78 villages located along the tunnel.

Furthermore, in late 2012 the Bank came under renewed pressure due to further questions over its accountability for the atrocities associated with the Chixoy dam in Guatemala during the civil war in the late 1970s and early 1980s (see *Update* 81, 54, 47, 43). According to a December report by the UK-based NGO the Jubilee Debt Campaign (JDC): "It is highly unlikely that the Chixoy Dam would have been able to go ahead without the backing of the World Bank and Inter-American Development Bank." Additionally, the Bank "not only failed to halt their support, but they supported a second Chixoy Dam project". JDC and US-based NGO International Rivers are campaigning for the World Bank and Inter-American Development Bank to fund full reparations for the damages caused to communities by the dam construction. By early February no response had been received.

Global coal risk assessment, WRI
pdf.wri.org/global_coal_risk_assessment.pdf

IFIs pave the way for the export of oil and gas from the Caspian Region, Crude Accountability
tinyurl.com/CrudeEnablers

The role of IFIs in sustaining Guatemala's genocidal regimes, JDC
tinyurl.com/jdcguatemala

IMF interest waiver for LIC loans extended

In December the IMF executive board extended the temporary interest waiver on concessional loans to low-income countries (LICs) under the Poverty Reduction and Growth Trust (PRGT), until December 2014. Tim Jones, from UK NGO Jubilee Debt Campaign, said: "With global interest rates low, this decision has no financial impact on most LICs. ... A bigger question is whether IMF lending is risking future debt crises. A recent IMF review showed that LICs borrowing from the Fund have ever increasing current account deficits, potentially increasing debts and making them more vulnerable to future crises."

www.imf.org/external/np/pp/eng/2012/121412b.pdf

Pakistani PM's son-in-law new Bank ED

The Pakistani prime minister Raja Pervaiz Ashraf controversially appointed his son-in-law Raja Azeem-ul-Haq Minhas as World Bank alternate executive director (ED) in December, replacing previous ED Javed Talat whose term had expired. The seven-member constituency rotates the ED chair between Pakistan and Algeria, so Azeem-ul-Huq is expected to take the ED post in two years time. Azeem-ul-Haq's appointment, reportedly opposed by both the finance minister and principal secretary because of his relative inexperience, was secured using the prime minister's "discretionary powers" according to newspaper *Express Tribune*. Azeem-ul-Haq was working in his father-in-law's office before the appointment as alternate ED.

Bank's safeguards review extended

The first phase of the Bank's safeguard review (see *Update* 82, 83) has been extended to mid-April with global consultations, including on seven emerging areas: climate change; disability; FPIC; gender; human rights; labour; and land tenure. In January the Bank responded to a December joint CSO letter, stating it "will not dilute" the safeguard policies, but is unwilling to broaden the scope of the review to consider lending instruments other than investment lending. In late January, a joint CSO letter to Bank president Jim Yong Kim asked for safeguards polices to address the "unique needs of children".

worldbank.org/safeguardsconsultations

IFC jobs study "fragmentary"

The claim that International Finance Corporation (IFC) investments create jobs was tested by the IFC jobs study, released in January. The study sought "to assess the direct and indirect effects of private sector activity on job creation". It found that "the number of direct jobs created, net of job losses, tends to be relatively small, but the number of indirect jobs generated can be significant, though more difficult to measure." Peter Bakvis of the International Trade Union Confederation said the study "provides only fragmentary and approximate assessments of the jobs impact of IFC loans and investments, and in a few cases seems to gloss over valid critiques."

Full article online at
brettonwoodsproject.org/ifcjobs84

World Bank projects threaten Burma peace process

COMMENT

by Khin Ohmar, Burma Partnership, Chiang Mai, Thailand

In late 2012 the World Bank announced its first lending to Burma (also known as Myanmar) in over 20 years. The $80 million grant, to the Ministry of Border Affairs, is for community driven development (CDD) projects that are aiming to provide tangible benefits to communities, including those affected by decades of conflict in Burma. The concern among many grassroots activists, however, is that the areas to which this money will be funnelled are still in the earliest stages of the peace process, and that huge influxes of money will undermine efforts for sustainable peace.

In January the Bank approved a $440 million development policy loan to Burma. Its objectives are: "to support Myanmar's critical reforms for strengthening macroeconomic stability, improving public financial management, and improving the investment climate" and to "facilitate the clearance of Myanmar's arrears to IDA". This loan will go to the ministry of finance.

Burma has experienced civil war since the 1950s. Successive military regimes, led by the central Burman majority ethnic group, have sought to nullify the aspirations of people in the outlying ethnic regions. A proliferation of ethnic armed groups emerged which have fought for political, social, economic and cultural rights for decades. Due to initial reforms by the new government since it took power in 2011, a window of opportunity to broker sustainable peace has appeared and as such, preliminary ceasefires have been signed between all of Burma's major ethnic armed groups and the Burma government. However, this does not include the Kachin Independence Organisation, where Burma army offensives in the north of the country have been on-going and intensifying since June last year.

In light of the small steps towards democracy that Burma has taken, the World Bank and Asian Development Bank have begun the process of reengagement with the government. The World Bank is using the CDD fund, which transfers money directly to communities who make their own decisions, as well as direct transfers to the government. The Bank, however, has rushed this process and breached its own policies. Social and environmental impact assessments are supposed to be disclosed 30 days prior to project approval, but this has not happened. Neither information of consultations held, nor a programme document outlining the plan, have been disclosed.

Broad consultation with the public, including in conflict-affected ethnic areas, has not happened but the Bank will nevertheless move ahead with this project in a country in which they have not been engaged for nearly a quarter of a century. A handful of presentations in the main city of Rangoon does not provide enough information to accurately assess the needs of the people. As such, Burmese civil society organisations have officially requested a postponement of the CDD project until broad, inclusive consultations have been carried out (see *Update* 82, 80), however, this request was ignored.

Not only has genuine participation by communities been absent but a path of rushed development threatens to derail the extremely fragile peace process. The government has repeatedly said that the road to peace is economic development. If the Bank had conducted meaningful consultations in the ethnic regions they would have found that economic development takes second priority behind a political settlement. Part of that settlement is the army leaving villages where they have committed human rights violations for decades. Furthermore, the pursuit of justice for those who have suffered at the hands of the military regime, members of which now constitute the pseudo-civilian government, has been swept under the carpet.

By putting their stock government-led development in conflict areas, the Bank is also putting their stock in a peace process that is purely on the central government's terms. This legitimisation of the government could further marginalise the aims of the ethnic groups, something they have been fighting against for so long.

The World Bank needs to engage in a much more transparent, cautious and consultative process in order to gain the trust of all the people of Burma. In conflict affected areas, economic development is not a substitute for a political solution and achieving justice. For the ethnic regions, a political settlement is the first step on the road to peace.

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IEG finds declining impact at Bank, IFC

An annual Independent Evaluation Group (IEG) report on the *Results and performance of the World Bank Group 2012* showed declining effectiveness, with some of the worst ratings in infrastructure and public-private partnerships (PPPs).

The mid December report from the Bank's arms-length evaluation body covered projects closed by end June 2012. The report's positive overview and conclusions veil its findings that in many areas the Bank's projects are performing worse than before with no improvement in sight given low global economic growth. The IEG counsels that "closer attention to the quality of preparation and supervision of investment operations" would help.

According to the IEG, development policy operations (DPOs), loans for policy reforms rather than specific projects, saw improved results. On the other hand, good ratings on investment loans fell from 78 per cent for 2006-08 to 70 per cent in 2009-11, though the IEG cautioned about incomplete data. The ratings are based on IEG reviews of the internal Bank reports.

Particularly problematic were investment loans for infrastructure and to projects in the East Asia and Pacific region, both of which saw statistically significant drops in good ratings for 2009-2011.

In its analysis of why things were going badly the IEG found, "overambitious project design, inadequate consultation with stakeholders, insufficient candour during supervision, and failure to follow up on problems identified during supervision missions." World Bank president Jim Yong Kim is aiming to streamline project preparation.

IFC's "steep decline"

The report also covered the International Finance Corporation (IFC, the Bank's private sector arm), finding that investments with good development outcome ratings dropped from 73 per cent in 2006-08 to 68 per cent in 2009-11. However, IFC investments in the poorest countries "have seen a steep decline in performance", dropping from 73 per cent to 52 per cent, which gets partly blamed on "issues related to IFC's work quality".

The assessment of the IFC's work quality considered three areas: (i) quality of screening, appraisal, and structuring; (ii) quality of supervision; and (iii) the IFC's role and contribution. The IEG identified common shortcomings in work quality: "environmental and social categorisation and requirements; overestimation of management capacity, financial viability, or growth prospects of the company; support to projects with unsuitable sponsors; and lack of leverage over the client."

IFC advisory services (see *Update* 62) were rated especially poorly. Only "59 per cent were rated satisfactory or higher in achieving their outcomes. ... The share is lower still at 39 per cent in the achievement of longer-term impacts." The IEG relegates to a footnote: "the IFC's ultimate objective is to achieve impact – focusing its advisory services on poverty – the corporation should assess the implications of this issue." The IFC's controversial PPP advisory services received "the lowest development effectiveness ratings" of 46 per cent. This "calls for management attention, given that IFC expects to expand this line of business."

IFC investments "rarely touch the poor"

Criticism of the International Finance Corporation's (IFC, the World Bank's private sector arm) lack of poverty focus has again caught the spotlight, as an audit of its investments in financial institutions reveals a lack of assessment of environmental and social impacts.

An early January article published in the US magazine *Foreign Policy* argued "that the IFC's portfolio of billions of dollars in loans and investments is not in fact primarily targeted at helping the impoverished." The investigative article, written by Cheryl Strauss Einhorn of the Columbia Business School, leads with a dissection of an IFC loan to a five-star hotel project in Ghana (see *Update* 77) before reinforcing the general critiques from civil society groups (see *Update* 81) and the Bank's own Independent Evaluation Group (see page 3, *Update* 76).

Einhorn's research undermines the IFC's claims to be prioritising development results and working in frontier regions lacking access to capital. Takyiwaa Manuh, an adviser to the Ghanaian government, who was interviewed by Einhorn, "doesn't think of the IFC's investments 'as fighting poverty. Just because some people are employed, it is hard to say that is poverty reduction.'" Francis Kalitsi, a former IFC employee who is now a managing partner at private-equity firm Serengeti Capital in the Ghanaian capital, "has a similar view. 'The IFC is very profit-focused. The IFC does not address poverty, and its investments rarely touch the poor.'" For R. Yofi Grant, executive director of Databank, one of Ghana's largest banks, "the IFC's practice of providing loans at attractive terms to multinational companies 'crowds out local banks and private-equity firms by taking the juiciest investments and walking away with a healthy return.'"

The IFC's response to the article emphasised that Einhorn "failed to fully examine [the IFC's] impact".

Corporate welfare?

Other recent IFC projects also seem to have questionable development impact or need for public subsidy. Early 2013 will see construction of a Marriott hotel begin in Kingston, Jamaica. It is being financed by a 2007 IMF credit line, including debt and equity of up $28 million, for the majority stake in the hotel held by Caribe Holdings. The revenue of the franchiser and operating entity for the hotel, US based Marriott International, was more than $12 billion in its most recent financial year.

In mid January the IFC proposed to invest €170 million ($232 million) in the German multinational Schwarz Group so it could expand its discount supermarket chain Lidl in Bulgaria, Croatia and Serbia. The investment in Lidl, which reported €45.4 billion in sales in the group's most recent financial year, is supposed to contribute to development by improving "food supply chain development".

In December 2012 the IFC approved a €10 million loan to a joint venture of Italian multinational Same Deutz-Fahr and the Chinese conglomerate Changlin Group to build a tractor factory in China. Changlin had almost $500 million in sales in 2010 and in the same year Chinese manufacturers exported more than 166,000 tractors worth over $1 billion. Also in December, the IFC approved a $25 million loan to Colombian non-bank financial institution Credivalores to enable it to expand its payday lending operation, often called 'legal loan sharking', to more small and medium sized cities. The IFC justified its support by saying it will "allo[w] the company to continue supporting the inclusion of its clients to the formal financial sector."

Dotun Oloko, a Nigerian anti-corruption whistleblower, argued "the fallible maxim that profit equals development put forward by the IFC and other so called development agencies fails to recognise or address the reality on ground in the developing world which is that the profit tends to go to the corrupt political elite and big businesses with little or no trickle-down effect to the vast majority of the impoverished citizens."

Excess profits?

A mid December report from three NGOs looked into the development legacy of the IFC-financed Mozal aluminium smelter in Mozambique. The report – published by Justica Ambiental (Friends of the Earth Mozambique), Jubilee Debt Campaign UK, and Tax Justice Network – argued that "half the costs of building Mozal came directly from publicly owned institutions, or were guaranteed by them. In return, they and the private investors have received large returns in profit and interest. But the Mozambique government has been left with very little. For every $1 from the smelter being paid to the Mozambique government, we estimate that $21 has left the country in profit or interest to foreign governments and investors." The IFC contributed $121 million in quasi-equity for the project, out of a total of $1.1 billion lent by private and numerous public entities. The NGOs called for the public entities to "hand the excessive profit they have made out of Mozal back to the Mozambique people", which for the IFC they estimate to be $97 million, and to "support a renegotiating of the terms of the smelter to ensure Mozal pays a fair rate of tax".

The IFC is also being challenged by locals and tourism business operators in the South Indian state of Kerala over its support to the Vizhinjam port expansion project, which is backed by the Indian federal and Kerala state governments. They filed a case with the IFC's accountability mechanism in August 2012 citing water scarcity, loss of livelihood, loss of land and inadequate compensation.

Can you fight poverty with a 5-star hotel?
tinyurl.com/EinhornIFC

IFC oblivious to impact of lending to financial sector

In early February the IFC's accountability mechanism, the Compliance Advisor/Ombudsman (CAO), released a long awaited audit into the social and environmental outcomes of the IFC's funding of financial intermediaries (FIs, see *Update* 79, 73), third-party financial entities such as banks, insurance companies, leasing companies, microfiinance institutions, and private equity funds. The report finds that for this growing part of the IFC's portfolio, now over 40 per cent of the total, the IFC conducts "no assessment of whether the [environmental and social] requirements are successful in doing no harm." The CAO indicated that "The result of this lack of systematic measurement tools is that IFC knows very little about potential environmental or social impacts of its [financial market] lending."

The study, which looked at 10 per cent of the clients in the IFC's FI portfolio since mid 2006, found that 10 per cent of the sample were not compliant with the IFC's environmental and social requirements, and a further 25 per cent were only partially compliant or there was uncertainty. The CAO was "surprised" to find cases where failure to comply with the requirements, which at times had been included in the financing contracts signed between the IFC and the FI, did not cause the IFC to refuse additional IFC financing to the client.

The CAO emphasised how the requirements focus on the client developing a social and environmental management system, rather than actual social and environmental outcomes. Looking at environmental and social outcomes, rather than just meeting requirements, for IFC clients "around 30 per cent of investments in CAO's sample were not regarded by the CAO panel as to have 'improved'". Furthermore, FI clients of the IFC use the institution's resources to lend to or invest in subclients. The CAO found "the proportion of cases of non-improved performance was around 60 per cent at the subclient level, which is where IFC seeks to really have an impact."

While the CAO does not list recommendations, throughout the audit it makes suggestions for improvement, including "requiring clients to report and disclose [environmental and social] performance and to engage third-party assurers to provide an independent check" and helping clients to implement a "more fundamental change management process". It also suggested harmonisation of the environmental and social standards of different private sector lending institutions, such as the regional European Investment Bank and national Dutch development bank FMO.

In its response to the CAO audit, the IFC makes no commitment to change its practices, instead championing the finding that 90 per cent of IFC FI clients are in compliance with its performance standards. In relation to sub-client social and environmental impacts, the IFC staff said: "We do not consider this necessary or efficient as our intent is to have our partner FIs manage this."

The lack of measurement of either harm or positive development impact for such a large proportion of the IFC's overall portfolio led critics to demand a full overhaul of the way the IFC does FI lending. Kris Genovese at US-based Center for International Environmental Law said "the IFC's response to these alarming findings is shameful and only succeeds in missing the point. The fact that many projects technically meet IFC policies ignores the finding that the policies themselves are fundamentally and fatally flawed."

CAO compliance audit of IFC's financial sector investments
www.cao-ombudsman.org/newsroom/index.html

Inside the institutions | World Bank's sub-national lending

The World Bank and the International Finance Corporation (IFC, the Bank's private sector arm) are jointly encouraging sub-national lending to states or provinces, aimed at boosting direct engagement at the state or municipal level. The goal is "to enable sub-national entities to improve and expand their infrastructure and other public services via the strengthening of their institutional capacities and their independent access to private financial markets (financial support via co-lending or guarantees)".

The Bank's articles of agreement initially prevented direct lending to sub-national entities, stipulating that national governments have to provide sovereign guarantees or equivalent for a sub-national loan. From 2003 the IFC and Bank created a Municipal Fund which was used to lend to municipalities. The fund lent from the IFC's balance sheet without a sovereign guarantee. In 2006, a three-year pilot of the Sub-national Development Program (SND) was launched to further experiment with lending to sub-nationals without guarantees. The SND created a joint World Bank-IFC department which would work to coordinate their activities. As with the Municipal Fund, non-sovereign-guaranteed lending was done on the IFC's balance sheet. In 2009 as the IFC decentralised, the SND programme was incorporated into the IFC's regional infrastructure finance departments. Access to sub-national finance was expanded at this time.

There are three main markets for sub-national lending: states, provinces and other sub-divisions; infrastructure parastatals and utilities, and development finance institutions and other financial intermediates that are financing sub-national entities. Sub-national finance from the IFC comprise a full range of IFC non-sovereign-guarantee products, including syndications, loans, equity and credit guarantees.

On its side, the public sector arms of the Bank Group bring certain types of financing, skills and contacts to the joint effort. First they support political and fiscal decentralisation through technical assistance and by lending to the central governments which can then lend on to sub-nationals. They can also lend directly to sub-national entities with a sovereign guarantee. They promote fiscal responsibility laws governing sub-national debt which require the budgets of sub-national entities to be balanced. The Bank also oversees the communication and relationships with clients, provides decentralisation capacity building and technical assistance expertise, and is informed on the infrastructure sector. The IFC is supposed to bring relationships with investors and banks, its transaction execution expertise, and understanding of local business environments and financial markets.

Criteria for the IFC's non-sovereign-guaranteed lending to states and provinces include the following: fiscal health, commitment to reform, public sector management impact, sustainable growth impact, poverty levels and the impact of proposed interventions. Additional criteria for lending to municipalities include: clustering, strategic intervention, and appropriate lending in local currency. Sovereign consent for sub-national lending, even if no guarantees are involved, is only required by some countries, in which case the sub-national entity is usually responsible for acquiring the consent. The IFC notifies national governments of sub-national agreements, as it does with all investments. Sub-national lending is mainly aimed at middle-income countries including Brazil, India, Russia and Turkey. This does not exclude low-income countries, however. The Bank says that only those entities with the best prospects for improved financial viability and sustained development will be supported.

From fiscal year 2009, the IFC has invested in 30 sub-national projects with commitments of $1.2 billion. As of September 2012, the IFC's committed portfolio of sub-national investments was about equally distributed between three regions: Europe, Middle East and North Africa; Latin America; and Asia. Figures available in 2011 showed that almost half of the IFC's sub-national commitments were to state-owned enterprises and municipal companies, followed by local government units (30 per cent); sub-national financial institutions and public-private partnerships each represented 11 per cent. By sector, almost a quarter of commitments were for ports, followed by urban infrastructure and utilities (19 per cent, water and wastewater, roads and power represented 16 per cent each, followed by urban transport with 11 per cent.

Concerns about sub-national lending include the potential to encourage privatisation, unfunded decentralisation and the risk of over-indebtedness in sub-national entities.

www.ifc.org/subnationalfinance

IFC-funded mines: courting controversy

Following a year of violence associated with mining projects funded by the World Bank's private sector arm the International Finance Corporation (IFC, see *Update* 82), the IFC's mining investments in Guatemala, Mongolia and Colombia are still provoking controversy.

A September 2012 report by Robert Goodland, a former lead environmental advisor at the Bank, proposed six measures that Canadian company Goldcorp could take to adopt best practices at its controversial Marlin mine in Guatemala, which the IFC funded in 2004 (see *Update* 79, 44). Goodland's paper, the output of a July 2012 Peoples Tribunal argues the mine should: suspend operations; engage and compensate the local community for past damage; develop in-house social and environmental expertise; commission a reliable environmental and social impact assessment (ESIA); set up a realistic financial assurance scheme to handle mine closure; and institute third party monitoring.

In an end September letter to campaigners, Goldcorp claims it "has been diligent in its implementation of the recommendations" from a human rights assessment it commissioned in 2010. It made no mention of Goodland's detailed allegations of seepage of cyanide from mine tailings and only promised to disclose mine closure plans when they had been finalised.

In late December, Mongolian NGO Oyu Tolgoi Watch, along with a coalition of international NGOs, published a review of the ESIA of the Oyu Tolgoi copper and gold mine which the IFC is considering funding despite complaints from local residents (see *Update* 83, 82). The review, titled 'A useless sham', argues that the ESIA "is a non-starter and deeply flawed", saying it "does not comply with fundamental provisions of the IFC's performance standards, as it is incomplete and retroactive". The report highlights 11 separate violations of the IFC performance standards.

In late November 2012 the complainants against Eco Oro Minerals (formerly Greystar) in Colombia (see *Update* 82) declined the accountability mechanism's offer of dispute resolution, moving the case directly to compliance assessment.

Guatemala's Marlin gold mine report
www.business-humanrights.org/Links/Repository/1014672/jump

Kim launches Bank restructuring

After winning over staff and shareholders in his first six months as World Bank president (see *Update* 83), Jim Yong Kim launched a publicly unexplained reorganisation of senior management at the Bank in late December.

Contrary to usual practice with management changes, the only public announcement of the pre-Christmas moves was a change of titles on an online Bank senior management list. A leaked copy of a staff memo shows that Kim has side-lined former managing director Mahmoud Mohieldin. He has been made the Bank's special envoy on the UN millennium development goals and financial development, which relieves him of any oversight of the Bank's operational or functional units. Sources close to the Bank said Mohieldin, who served as investment minister under Egypt's deposed dictator Hosni Mubarak (see *Update* 77, 72), showed little interest in the Bank's mission.

Kim has formed a new senior management team which includes the two remaining managing directors along with the chief economist, the heads of the Bank's two private sector arms, the Bank's general counsel and corporate secretaries, and the newly appointed senior vice president for change management Pamela Cox. Cox, a US national who has had a 32 year career in the Bank, was most recently East Asia and Pacific regional vice president. Sources close to the Bank said that speculation about the reasons for her appointment included Cox's pending retirement in 18 months, which would put a cap on the restructuring timeline.

In December the Bank announced that Frenchman Bertrand Badré, currently at commercial bank Société Générale, would take the role of chief financial officer in March. The changes to senior management prefigure a larger restructuring exercise. By end January the full results of an organisational health survey had yet to be shared with all staff or even all middle management, let alone the public. Sources close to the Bank say that a cull of some vice presidents is expected as Kim seeks to streamline Bank bureaucracy. Already it has been announced internally that Kim has engaged a search firm to replace Tamar Manuelyan Atinc as the vice president in charge of human development.

tinyurl.com/restructurememo

IMF accused of anti-China bias

The IMF's Independent Evaluation Office (IEO) published a late December evaluation that was critical of IMF concerns and advice relating to international reserves, especially the accumulation by countries of large quantities of US dollar assets.

According to the IEO report *International Reserves: IMF concerns and country perspectives*, interviews with country officials, Fund staff and former management revealed a widespread belief that the Fund was unduly influenced in formulating its reserve policy. "The views of influential shareholders regarding the IMF's inability to influence China's exchange rate policy … were an important factor explaining why concerns about the stability of the international monetary system were expressed in terms of excessive reserve accumulation." Press reports, including in the Washington Post in December, interpreted this finding as an implicit accusation that the IMF had been critical of China's reserve policy in response to influence from the United States.

Amar Bhattacharya, director of the secretariat of the G24, an intergovernmental grouping of developing countries that coordinates their position on monetary and development issues, told Chinese news site China.org.cn that the evaluation indicated that the IMF "was seen as a 'stalking horse' for the United States to press China."

The evaluation indicated that richer nations were not subject to the same criticism: "in its consultations with advanced countries, the Fund very rarely broached the topic of reserve adequacy." Ilene Grabel of the University of Denver pointed out in a blog post that the Fund's "lack of even-handedness" was also evident in the IMF's support for "aggressive exchange rate interventions… in wealthy countries" including in Switzerland in 2009-10 and Japan in 2010 and 2011, despite the fact that the consequences of these interventions in terms of capital flows "bore quite heavily on many rapidly growing developing countries … but we would be hard pressed to find Fund support for currency market interventions in these countries."

The report also challenged the analytical approach taken by the Fund, providing indirect support for the accusations of the Fund not being even-handed. The evaluation found that "[the] IMF's policy advice did not adequately take into account the sources of risk associated with the foreign currency liquidity needs that arose as a result of the global financial crisis." The 'sources of risk' are understood to mean volatile capital flows and currency speculation emanating from major advanced economies, such as the Unites States. China and other developing nations have accumulated reserves to insure themselves against volatile capital flows and risks of contagion from financial crises, as well as to avoid IMF programmes and their conditionality requirements (see *Update* 75). Country officials interviewed for the IEO study had suggested the Fund's focus upon reserves was tantamount to targeting "the symptom and not the cause of potential instability."

> IMF "was seen as a 'stalking horse'"

Criticism rejected by Fund

The official staff response to the evaluation, published simultaneously with the IEO report, bluntly rejected the assessment that by focusing on reserves the Fund had "ignored more pressing issues". The staff response also disputed the IEO's questioning of the IMF's motives for emphasising reserves risks and any suggestion of bias towards shareholders due to selectively or inappropriately prioritising reserve accumulation: "the IEO report incorrectly suggests that the discussion on reserves was merely a way to reopen the debate on global imbalances."

IMF managing director Christine Lagarde backed her staff, stating that the "evaluation errs when it considers the rationale of the Fund… in undertaking work on reserves" but indicated that "I find myself in agreement with most of the IEO's formal recommendations."

The summing up of the December executive board meeting discussing the IEO study revealed that the directors "held different views on the analytical underpinnings of the report, in particular… whether the membership is adequately represented in the sample chosen." The IEO published the list of the 37 countries evaluated, but did not publish a breakdown of responses that would enable assessment of how extensively the membership was represented in its findings.

Reserves debate obscures risks

Though the audit has triggered disagreements, the staff and managing director's reactions to the evaluation indicate that despite the IEO criticism, they believe there is no need to alter current Fund policy. The IEO recommendations included targeting perceived policy distortions and embedding the reserve question in a more comprehensive discussion of global financial instability. The staff response argued that these are already part of Fund practice, as is the recommendation that "advice should also not be directed only to emerging markets."

Gao Haihong, senior fellow at the Institute of World Economics and Politics at the Chinese Academy of Social Sciences, argued that the narrow debate over reserves' significance obscures the changing nature of policies to manage financial risk: "the functions of reserves have changed from the narrow definition of 'precautionary' to a broad 'firewall' against general financial risks including violating cross-border capital movements.

Gao reflected that "the IEO report has provoked a debate on the functions of reserves, which should properly be seen as a side-effect of self-interested national policy, not only in the surplus countries but also in the countries that are the source of capital flows. In that case, both the IEO report and the IMF's response do not pay sufficient attention to the root of the problem."

International reserves: IMF concerns and country perspectives, IEO
tinyurl.com/IEOreserves

New IMF research validates critics' concerns, Ilene Grabel
tinyurl.com/GrabelReserves

Staff response to the IEO evaluation, IMF
tinyurl.com/staffreserves

IMF governance "credibility cliff"?

After missing the October deadline to approve 2010 governance reforms (see *Update* 83, 82, 81), IMF shareholders have also missed the January deadline to revise the IMF quota formula. The quota formula review had been promised in exchange for developing countries' acceptance of a smaller than needed increase in voting rights in 2010. Brazil's IMF executive board member Paulo Nogueira Batista warned of an impending "credibility cliff" "the fundamental problem in IMF governance is the glaring overrepresentation of Europe." The formula will continue to be discussed alongside negotiations over increases in voting rights, supposed to conclude by January 2014.

tinyurl.com/IMFcliff

IMF to play "Grand Enforcer" in Jamaica?

Jamaica is close to agreeing a new IMF programme (see *Update* 72). The country's 37-year relationship with the IMF, described by the Jamaican *Gleaner* as respectively "the desperate country" and the "Grand Endorser of economic reform" has been fraught with difficulties. In January finance minister Peter Philips called for tax and public sector wage reforms prior to the IMF programme, saying that "sacrifices from all sectors of society" must be made to achieve economic stability. Many, including former prime minister and finance minister, Edward Seaga have publicly criticised "the political fallout" of the IMF's structural adjustment programme.

IMF "onslaught" on Pakistan's economy

According to the IMF, Pakistan must radically change its economic strategy, and raise 360 billion rupees ($3.67 billion) or 1.5 per cent of its GDP, before the Fund will agree to a new programme. Pakistan has not formally applied for IMF support, but after January technical talks the Fund recommended a programme of taxes and spending cuts to address the country's 16.24 trillion rupee deficit. Khadim Hussain, from Pakistani NGO ResistIFIs, described this as an "onslaught" on Pakistan's economy: "the IMF's prescription to stabilise the economy can't be implemented and both the bureaucracies of Pakistan and the IMF know it. This is nothing but an excuse for the lending which will befool the world and increase poverty".

IMF highlights shadow banking risks

December IMF staff discussion note authorised by chief economist Olivier Blanchard, reveals that shadow banking now accounts for 25 per cent of global financial assets. It is described by the Financial Stability Board, an intergovernmental body coordinating financial sector regulation, as credit intermediation involving entities and activities outside the regular banking system. Showing the "systemic risks" from shadow banking, such as "runs on private safe assets" which jeopardise "the public safety net", the note is at odds with the Fund's longstanding support for financial deepening (see *Update* 82). In January, IMF managing director Christine Lagarde warned of "waning commitment" to financial reform.

tinyurl.com/IMFshadow

The Troika setting a "default trap"?

Controversy erupted in January after the IMF implied lenders to Greece may need to provide yet more debt relief. Developing countries are questioning the Fund's commitment to the eurozone as poor nations "come to the rescue" of much richer countries.

Disputes over further loans in Europe resulted after the Fund published its first and second reviews of its extended finance facility to Greece in mid-January and Fund managing director Christine Lagarde welcomed the decision of eurozone members to "provide additional debt relief if necessary." The IMF staff reports pointed out that "Greece is attempting to achieve an unprecedented amount of fiscal and current account adjustment … with a massive debt overhang", adding that even while attempting to mitigate these risks, if they do "play out, additional debt relief and financing would be needed from Greece's European partners", which could equate to as much as €9.6 billion ($13 billion) in additional loans.

The prospect of further emergency loans is unwelcome given the existing tensions over new funding between the IMF, key EU lender nations such as Germany and the Fund's loan partners, the European Central Bank (ECB) and European Commission (EC) who with the Fund comprise the so-called Troika of eurozone emergency lenders (see *Update* 83). Writing in the *Financial Times* in December, EC vice-president Ollie Rehn signalled hostility to further support, emphasising instead the need to "continue to remove structural obstacles to sustainable growth and employment … we need to stay the course." The IMF staff reports suggested that economic recovery failing in Greece would lead to EU lenders, including the ECB, taking losses of up to 25 per cent of their loans. Greek economist Yannis Varoufakis suggested on his blog that the sensitivity to these unwelcome implications is driven by the "German and Dutch governments … [who] feel it is impossible to tell their parliaments, and voters … that some of the money they have put up … will not be retrieved."

A December paper by Giorgios Argitis of the University of Athens described the likelihood that the Troika deal will create a "default trap" in Greece and other programme countries which will nevertheless force lenders into increased funding. The Troika's imposition of a mechanism to "institutionalise economic austerity" in order to "safeguard" new wage and spending cuts and privatisation is tantamount to a "self-defeating cycle of extremely tight fiscal and wage policies followed by recession … [which] subverts the country's ability to meet its debt obligations."

Portugal's "vicious circle"

In early January, Portugal's president Anibal Cavaco Silva ordered a legal inquiry into the legitimacy of the austerity policies adopted by the government within the terms of the Troika agreement. He described the current economic situation in Portugal as a "recessionary spiral" that risks becoming "socially unsustainable", adding "fiscal austerity is leading to declining output and lower tax revenue (see *Update* 83). We must stop this vicious circle."

Later in January a leaked IMF report emerged, written prior to the approval of an €838.7 million disbursement in the same month, revealing recommended spending cuts, including pensions, higher medical fees, a 50,000 reduction in teacher numbers and reduced public salaries in a number of sectors. The general secretary of the Portuguese National Federation of Teachers, Mário Nogueira, said that it would be "absolutely impossible to go through with the measures proposed by the IMF without demolishing the current education system."

recessionary spiral that risks becoming socially unsustainable

A January study by the US think-tank the Center for Economic and Policy Research assessed Article IV consultations by the Fund in all European Union states, found that there is "a consistent pattern of recommendations on fiscal policy, as well as policies concerning employment and social protections." It identified an "overwhelming emphasis" by the Fund on "fiscal consolidation, reduction of social expenditures" and "measures that would weaken the bargaining power and income of labour."

Fund's role in the Troika

Alok Sheel, of the Department of Economic Affairs of the Indian government, writing in the Indian magazine *Economic & Political Weekly* in December, argued that from developing countries' perspective the IMF's role in the Troika is an "anomalous situation where big, poor countries with large developmental needs of their own are being called upon to assist much richer countries." Pointing to the size and strength of the eurozone as a bloc, Sheel questioned whether it is appropriate for the IMF to be participating in Troika programmes, arguing "no external lender of last resort is necessary." The contradiction Sheel emphasises is that IMF financing entails using resources partly provided by "large emerging countries with relatively low per capita incomes", while the ECB chooses not to deploy its power to issue currency: "[the] eurozone's collective firepower … far exceeds anything the IMF can hope to mobilise."

Marcus Faro de Castro, of the Universidade de Brasília, pointed out that "the unfair distribution of voting rights among member countries has been the permanent backdrop to the *ad hoc* and varying 'interpretation' of IMF lending decisions. The relative increase in commitment of BRIC countries' reserves, to be channeled through the Fund's programme including assistance to troubled eurozone countries, is only the most recent twist in this very same trend."

Greece: caught fast in the Troika's austerity trap, Giorgios Argitis
www.levyinstitute.org/pubs/pn_12_12.pdf

IMF and the eurozone: A developing country perspective, Alok Sheel
tinyurl.com/TroikaEPW

Malawians feel the pinch of IMF reforms

Demonstrations have taken place throughout Malawi prompted by the rising cost of living and the increasingly unpopular leadership of president Joyce Banda who has been closely following a $156 million three-year IMF programme approved in July 2012. The Extended Credit Facility loan stipulated that Malawi would devalue its currency, which lost more than half its value since April, as well as remove fuel subsidies and price controls. John Kapito, of the Consumers' Association of Malawi, said "the IMF reforms are rejected by Malawians, who see them as externally imposed by an IMF taking advantage of Malawi's economic vulnerability and weak leadership in order to justify its legitimacy at the expense of the poor."

Talks on Egypt's IMF loan "still ongoing"

Though talks over a $4.8 billion IMF loan to Egypt (see *Update* 83) appeared stalled, finance minister Morsy Hegazy reiterated in January that talks are "still ongoing". Continued political unrest has so far impeded the government's ability to impose austerity measures required by the IMF to approve the loan. In November, 20 local NGOs and political groups had written to the government and the IMF, warning that austerity measures associated with this potential loan agreement, including cutting subsidies as well as other deficit reduction policies, may aggravate the economic deprivation of a large section of the population".

tinyurl.com/EgyptNov2012letter

Fund warns Argentina over inflation figures

The executive board of the IMF met in early February to assess Argentina's progress in addressing the quality of its statistical data on inflation and GDP. Argentina's efforts were found to be insufficient and the board issued a declaration of censure, calling on the country to comply with IMF's demands no later than September. If it fails to do so, the Fund will consider tougher measures, such as a declaration of ineligibility, the suspension of its voting rights and, as a last resort, expelling Argentina from the Fund's membership. This is the first time that the Fund has resorted to a declaration of censure. Argentina's Minister of Economy said that these actions were "a clear example of unequal treatment and double standards".

IMF research on "fiscal profligacy" criticised

A January IMF working paper by Paolo Mauro has accused the US of "fiscal profligacy" along with Japan, Israel, Costa Rica and Honduras, based on poor "overall fiscal deficit" management. Richard Eskow of think tank the Campaign for America's Future said the paper "demonstrates that their grasp of language rivals their grasp of economics." Showing in his blog that the US has one of the lowest levels of government expenditure as a share of GDP among rich countries, Eskow said "We're fixated on spending, and the revenue side of the discussion has been narrowed so radically that the only debate going on in Washington is over which six-figure incomes will be taxed at a historically low rate of 39.5 per cent."

tinyurl.com/EskrowonIMF

Recommended resources 2012

PAPERS

Development-led globalization: Towards sustainable and inclusive development paths; UNCTAD
Warns against the growing power of "finance-led globalisation" and advocates a prudent "development-led globalisation".
tinyurl.com/unctadreport

Private profit for public good? Can investing in private companies deliver for the poor?; Eurodad
Examines the trends in public support for private business in developing countries and the risks for the poor in so doing.
eurodad.org/1543000/

Infrastructure for whom? A critique of the infrastructure strategies of the G20 and the World Bank; International Rivers
Challenges the top-down approach to infrastructure and calls for bottom-up solutions that address the needs of the poor.
tinyurl.com/irinfra

More than bricks and mortar; The Corner House
Looks at the connections between infrastructure funding and international financial markets, arguing that safeguards can no longer constrain the growing role of private equity funds which are searching for new sources of profit.
tinyurl.com/cornerhousebrick

'Leveraging' private sector finance How does it work and what are the risks? Bretton Woods Project
Analyses the concept of 'leveraging' used by the IFC and succinctly sets out the reasons to be sceptical.
tinyurl.com/bwpleveraging

What kind of review do we need of the Doing Business Rankings? CAFOD
Argues the rankings skew resource allocations and promote harmful reforms; and calls for a fundamental, participatory review.
tinyurl.com/cafoddbr

Cashing in on climate change? Eurodad
Questions the role of financial intermediaries in climate finance, arguing that it is often impossible to know where public money ends up.
eurodad.org/1345788/

Who's behind the land grabs; GRAIN
Details those responsible for land grabs and provides a history of their involvement including the Bank's role.
tinyurl.com/grainlandgrabs

'Our land, our lives': Time out on the global land rush; Oxfam
Denounces the Bank for its complicity in land grabs and calls for a freeze and review of Bank investments.
www.tinyurl.com/oxfamland

World Bank's "Inclusive green growth" (IGG) report – a brief assessment; Heinrich Boell Foundation
Concludes that the Bank's focus remains on private sector actors and infrastructure projects, not inequality or human rights.
tinyurl.com/boellgreengrowth

Banking on health; Gender Action
Assesses Bank health-related activities in Sub-Saharan Africa between 2006 to 2012 and finds that they are failing to address gender issues.
tinyurl.com/genderactionboh

Regulating global capital flows for development; Global Development and Environment Institute
Presents the case for the IMF to change its stance and assist developing countries. in deploying capital account regulations in developing countries.
tinyurl.com/gdaecapital

IMF involvement in labour market and social protection reforms in European countries; ITUC
Finds that despite rhetoric to the contrary the IMF's lending programmes exacerbate unemployment.
tinyurl.com/ituclabour

Enhancing the IMF's focus on growth and poverty reduction in low-income countries; Save the Children Norway
A study of 37 lending programmes, calling for the Fund's concessional lending facilities to better safeguard social spending.
tinyurl.com/devfinancereport

A flop and a debacle: Inside the IMF's global rebalancing acts; CIGI
Paul Blustein exposes the internal wrangling behind the failure of the Fund's 2007 efforts to address global imbalances.
tinyurl.com/cigiflopdebacle

Power to the people II: Moroccan solar power and EU energy grab; WDM
Analyses the export-led model pushed by the Clean Technology Fund in Morocco, which does not increase energy access for the poor.
tinyurl.com/wdmmorocco

BOOKS

The World Bank and education: Critiques and alternatives; Steven Klees Joel Samoff, Nelly Stromquist (eds.)
Examines the World Bank's approach to education and criticises it for analysing education through the narrow prism of input-output and cost-benefit. Sense, ISBN: 978-9460919015

Crisis in the eurozone; Costas Lapavistas
Details how the roots of the current crisis can be traced back to the neoliberal foundation upon which the European project was built and suggests alternatives to austerity. Verso ISBN: 978-1844679690

The IMF and European economies: Crises and conditionality; Chris Rogers,
Explores the IMF's response to crises both past and present, such as Britain's crisis in 1976, the Asian financial crisis in 1997 and the current Greek sovereign debt crisis. Palgrave Macmillan, ISBN: 978-0230300651

ELECTRONIC RESOURCES

www.rightingfinance.org/
Created by a number of human rights organisations, advocates for a human rights approach to financial regulation at national and global levels.

Bankspeak of the year 2012

Every year the Bretton Woods Project celebrates the best specimens of incomprehensible jargon ifrom World Bank and IMF staff and financial commentators in the cause of IFI business. The 2012 award goes to Bank vice-president Rachel Kyte for her impassioned defence of natural capital accounting at Rio+20 in June, in the face of criticism that the Bank is perpuating the commodification of nature: "We are not talking about 'pricing' nature but 'valuing' it". Kyte might like to check the *Oxford English Dictionary* definition of "value": "how much something is worth in money or other goods for which it can be exchanged."

Inspection Panel examines Afghan mining

The World Bank's Inspection Panel received two complaints in December relating to a copper mine in Afghanistan. The mine, funded by two International Development Association (IDA, the Bank's low-income arm) grants approved in June 2009 and May 2011, is being run by the Afghan Ministry of Mining. The Afghan NGO Alliance for the Restoration of Cultural Heritage drew attention to the project's negative impact on water and a local archaeological site. Another locally-based complainant raised concerns that "it is impossible for us to obtain basic and important information regarding the implementation of the project".

The requests' notice of registration
tinyurl.com/BankAfghan

ICSID billion dollar cases criticised

The International Centre for Settlement of Investment Disputes (ICSID), an arm of the World Bank Group, is facing growing criticism from developing country governments. In October an ICSID tribunal imposed an unprecedented $2.4 billion fine on the Ecuadorian government in a case brought by US-based Occidental Petroleum (Oxy), whilst a $2 billion complaint against the Indonesian government by Australian company Churchill mining is due to be heard in May. In December Martin Khor, of intergovernmental think tank the South Centre, said that the tribunal system has been "widely criticised": and called for a review and reform of investment treaties to be "accelerated at both national and international levels".

tinyurl.com/southcentretribunal

Our communications: your views

Almost 500 people took part in our 2012 communications survey (see *Update* 82). 74 per cent thought our publications are "good" or "very good", whilst almost 70 per cent actively use our information, e.g. by consulting the links in email newsletters. The next stage of our evaluation will be to interview key stakeholders. To find out more about the communications review or contribute please email Clare Woodford, communications and research officer

cwoodford@brettonwoodsproject.org

BRETTON WOODS project

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