

Major Bank net plans under fire

The World Bank is planning to establish “the premier web entry point for information about poverty and sustainable development”. Whilst such an initiative has potential to boost civil society presence on the net, the Bretton Woods Project and others are concerned that this \$60m plan would further strengthen the World Bank’s influence over development research. Brian Ashley, of the Alternative Information for Development Centre, South Africa, commented: “We are very concerned about this supposed World Bank initiative. We feel that NGOs and the communities they serve will again be marginalized from access or input to knowledge.”

A Bank employee told the Bretton Woods Project that he feared the plans represented: “one man’s crusade to take over development on the internet: jameswolfensohn.com”. The material on the Bank’s planning site makes clear that: “The Bank’s work is considered to be an integral aspect of the Gateway and that the Gateway leaders are establishing a strategy to ensure that Bank work is leveraged to the fullest extent possible”.

Michael Potaschnik, the Bank task manager for the initiative says “the Bank is planning a “comprehensive consultation process”, but it is clear that plans are developing rapidly and that some in the Bank are trying to maintain tight control. Peter Armstrong, Director of OneWorld International, said they “potentially support more resources

going into this area so long as it governed and co-branded in a way that builds on and supports the work others are doing.” The Bretton Woods Project is concerned that the Bank’s existing 150 websites and other initiatives set a poor precedent: often amounting to little more than promotion of the Bank and its favoured policies. Dr Simon McGrath, Centre for African Studies, Edinburgh who is studying the “knowledge Bank” said: “there is a tendency to mask the role of power, in a way typical of neo-liberal thinking ... for knowledge partnerships to really work, power needs to be acknowledged, analysed and confronted”.

The Gateway plans to have five main components: an Aid Effectiveness Exchange, a Development Clearinghouse, Civil Society Forum,

Private Sector Marketplace and Country Gateways. Oneworld International, which has suggested an alternative design, expressed fears that the civil society part might become a ghetto and that the “warehouse” proposal reflects “an inappropriate approach which sees knowledge as a product that can be stored and made available to people to solve their problems, rather than a process in which communities and networks of communities are the active participants. This is like 19th Century museum curators who saw culture as objects like the Elgin marbles that could be shipped to museums to enhance their reputation. It clearly makes more sense to leave things where they belong and create descriptions, maps etc to allow people to experience and understand them in situ.”

As well this overall design approach, the major questions raised by the Project and others on the Gateway are:

Is it over ambitious to set up an initiative providing so much information for so many interests?

Should civil society groups remain independent of the Gateway and continue to build up their existing web initiatives?

Could the Gateway really be established with the Bank as just one equal partner?

Will the Gateway’s corporate partners and sponsors have any veto power over what can be posted?

Who would select and manage the editors and writers to produce and maintain the Gateway?

What would be the balance of posting selected documents on the Gateway site or providing multiple links to other sites?

How much of the multi-million dollar budget would provide resources and training to boost the web presence of Southern civil society groups?

The Bretton Woods Project is keen to discuss with civil society groups how best to respond jointly to this initiative. The Bank’s consultations are taking place this summer, with a planned launch of the first phase of the Gateway in September.

www.worldbank.org/gateway
www.brettonwoodsproject.org/issues/gateway

Comments to:
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 Copies to the Bretton Woods Project

“Why do countries take out dollar loans for education? Where does that hard currency go?” – page 3

Bank report counters globalization critics	2	Pak Mun dam controversy fuelled	4
Forest policy review concerns	2	Panel slams Bank on China project	4
Bank environment strategy draft out	2	World Bank, WTO links strengthened	5
Chad oil project nears decision	3	Will Meltzer sink or swim?	5
Poverty conference conclusions	3	Peaceful protests raise awareness	6
Gender strategy: online discussions	3	Ministers support protesters	6
Knowledge Bank’s power in South Africa	3	Corruption in Bank projects: US report, UK companies	6
Education lending criticised	3	IMF suspends Moldova loans	7
IMF agrees to more transparency	4	Brown’s committee is “political whitewash”	7
India health and coal project concerns	4	IMF Board blocks PSI publication	8
World Bank backs Czech nuclear power	4	PLUS SAPs and environment, Asia Monetary Fund, and more	

“From our understanding it is a damning report, and we expect the bank to cancel the project.” – page 4

Bank report counters globalization critics

In April the World Bank launched a new briefing *Assessing Globalization*, examining the implications of international trade for poverty, inequality and the environment. The document, available only on the Bank's External Affairs website, sets out to disprove an International Forum on Globalization (IFG) declaration: "rather than leading to economic benefits for all people, it [economic globalization] has brought the planet to the brink of environmental catastrophe, social unrest that is unprecedented, economies of most countries in shambles, an increase in poverty, hunger, landlessness, migration and social dislocation. The experiment may now be called a failure."

The Bank document concludes that the poorest least-developed countries are not being impoverished by globalization, but they are in danger of being excluded from it. The 0.4 per cent share of these countries in world trade in 1997 was down by half from 1980. Their access to foreign private investment remains negligible. Bank research has found no clear association between growth and inequality. On sustainability, the Bank argues that involvement in exporting markets encourages use of the latest technology.

As it is based on cross-country snapshot statistics rather than a historical or political analysis, the report does not address the main drivers of globalization or the deficits in governance which worry many critics, including those who have recently fed into the consultations around the UK government's globalization white paper.

A more challenging new look at globalization and the role of the Bank is given in *Goodbye America! Globalization, debt and the dollar empire*. Author Michael Rowbotham argues that international debt and poverty follow from the monetary system promoted by the US after the second world war. ©

Bank briefing:

www.worldbank.org/html/extdr/pb/globalization/

IFG Declaration:

www.twinside.org.sg/title/siena-cn.htm

UK globalization white paper:

www.dfid.gov.uk

New Leaf or Fig Leaf?:

www.brettonwoodsproject.org/reports

Goodbye America! is published by Jon Carpenter Books

01608 811069.

Bank environment strategy draft out

The World Bank has released a draft new environment strategy for public consultation. It aims to move the Bank from a defensive to a proactive and integrated approach, arguing that longer-term development prospects must be maintained by preventing soil degradation, freshwater scarcity and climate change. It recognises that institutional boundaries in the Bank and in governments often prevent coordinated planning.

The strategy argues that the Bank "has a role in helping to address regional and global environmental problems through its global reach, financial strength, its role as implementing agency for the financing mechanisms serving global environmental conventions, and its potential to integrate additional financing mechanisms into its own operations."

The Bank plans to bring the Environment Strategy to the Board in December 2000. ©

www.worldbank.org/environment/strategy/

Indigenous peoples workshop

A workshop on *Indigenous peoples, forests and the World Bank: policies and practice* was held in Washington on 9-10 May to discuss nine case studies, presented by indigenous peoples, of their communities' experiences with World Bank projects. This also served to feed into the Bank's ongoing review of its policy towards indigenous peoples. The case studies were from Panama, Bolivia, Guyana, Cameroon, Uganda, Rwanda, India and the Philippines spanning forestry, eco-development, protected areas, oil and gas, and community development.

This complemented the series of consultations held by the Bank in late 1998 in Brazil, Costa Rica, Ecuador and India. Recommendations centred on: identification, land and natural resource management, participation, compensation, self-determination and indigenous development, and compliance. The World Bank is due to hold another round of consultations later this year. ©

info@fppwrm.gn.apc.org

Forest policy review concerns

A number of NGOs, including World Rainforest Movement and the Italian World Bank Campaign have expressed concerns about the World Bank's Forest Policy and Forest Policy Implementation Review process. They say it has not included sufficient field evaluations of ongoing projects and fear that the review process aims to dilute the Bank's ban on support for logging in primary moist tropical forest.

The Operation Evaluation Department's review of the extent to which the World Bank has implemented its own 1991 Forest Policy found that:

- staff lack the expertise, time, resources and incentives and reporting tools to observe the policy;
- the Bank has had a negligible effect on curbing deforestation;
- participation of civil society was weak;
- the importance of reforming land tenure

regimes has been poorly appreciated;

- gender considerations were inadequately addressed in 99.5% of projects;
 - governance issues were generally neglected and institution-building was weak.
- A joint NGO briefing ahead of regional consultation meetings welcomed the review for its frankness but contested some of its conclusions. The NGOs urge:

- changes to Bank incentive structures;
- more focus on the problems with large-scale plantations and the differences with community-based reforestation;
- measures to integrate the forest policy into Country Assistance Strategies, Economic Sector Work and adjustment lending. ©

Reforming the World Bank's Forest Policy: A Check-List for Activists is on:

www.wrm.org.uy/english/tropical_forests/WorldBank.html
info@fppwrm.gn.apc.org

"The Bank has chosen to ignore the underlying national problems related to land tenure, especially revisions to the Amerindian Act."

Case study prepared by the Patamona Community of Chenapou and the Amerindian Peoples Association of Guyana

Private sector strategy debated

Leaflets with sharply contrasting views about the International Finance Corporation (IFC) were distributed at the Spring meetings.

The 50 Years is Enough! campaign coalition urged the abolition of the Corporation, charging that:

"They pay almost no attention to who actually benefits from the profits that they claim to generate. They support Domino's Pizza in South Africa and cable television in Brazil. They invest in breweries in Romania, Russia, Tanzania and the Czech Republic, expensive private schools in Pakistan and Uganda, and luxury hotels in Egypt, the Maldives, Vanuatu, Costa Rica and Mexico."

The IFC's NGO relations team swiftly produced a rebuttal, arguing that: "IFC, through advice and direct investments, seeks to reduce poverty by helping direct private resources toward activities that benefit the poor by growing businesses that earn their way and empower and employ people." The IFC plans further work on promoting environmental, social and corporate governance standards.

A collaborative report documenting case studies of IFC projects will be produced by a number of NGOs, including the Bretton Woods Project, in time for the September annual meetings of the Bank and Fund. ©

bwref@gn.apc.org
www.50years.org
www.ifc.org/the_truth.pdf

Conflict/crisis policies debated

The Post-Conflict Unit of the World Bank seeks comments/critiques from NGOs, UN agencies and others on its draft operational policy and bank procedures for war-torn areas. They propose "conflict impact analysis", timely "transition support strategy," implemented through special financial and non-financial instruments, and "watching briefs" to prepare in advance for World Bank entry post-conflict.

The policy stipulates that in areas of conflict "it is especially important that the Bank work in close partnership with the wide range of bilateral and multilateral agencies responsible for development and humanitarian assistance." ©

www.worldbank.org/postconflict

Poverty conference conclusions

The e-conference to discuss the World Bank's Poverty World Development Report has concluded with a clear statement of what the WDR team plan to do to change their draft. Whilst many of the 1,500 conference participants endorsed the broad framework of the report a number of important questions were raised about its analytical concepts and conclusions. Lead author Ravi Kanbur replied with a detailed outline of the constraints he faces and the changes his team plans to make before the report is launched in late September.

Participants argued that the report does not include enough socio-political perspectives. Kanbur replied: "this WDR has gone further than others in this direction. Hopefully future WDRs will follow this trend. But the core analysis in a WDR is economic and that is unlikely to change."

This reliance on economic approaches is clear in other replies. Responding to arguments that the report should be less growth-oriented, Kanbur stated: "the team cannot agree with this. We are very concerned with the patterns of growth, volatility of growth, with inequality, with the institutional basis of growth paths, etc., but to us the evidence is very clear that no country has had sustained significant reductions in poverty without economic growth over the medium term."

"We take the point on environmental externalities, and will strengthen the link to natural disasters, but the answer to this seems to be in appropriate environmental policy as discussed in the global public goods section, not restricting rich country growth -especially since such restriction may feed back on poor country prospects as well."

"In the revision we are more specific on the nature of pro-poor coalitions - especially the role of the poor themselves."

Other responses covered topics including liberalisation, safety nets, Northern country protectionism, and rights-based approaches to patent regimes and climate change policies. On the latter Kanbur stated: "it is unlikely that we will be able to conduct a rights based analysis of this problem in the available time frame".

The Bretton Woods Project and New Policy Institute have received many positive comments about this exercise. They and other conference participants will carefully scrutinise the final report, and work to ensure that the Bank's external relations team does not mis-state the role of external consultation when the report is launched. ©

Final conference summary and response:

🌐 www.worldbank.org/devforum/forum_poverty.html
or available by sending blank e-mails to:
● fnalsum@lists.worldbank.org
● fnalsum2@lists.worldbank.org

Evaluation report available from:

● wdrconf@gn.apc.org

Gender discussions on-line

The World Bank's draft Policy Research Report on gender is now on the web for discussion throughout June. The report examines the conceptual and empirical links between gender, public policy, and development outcomes and argues for applying a gender perspective to the design of development policies.

The evidence presented shows that: "In no region of the developing world do women experience equality with men in legal, social, and economic rights. Gender disparities detrimentally affect the welfare of everyone in society."

The report proposes a 3-part strategy: institutional reforms, based on a foundation of equal rights for women and men; policies for sustained economic development; and active measures to redress persistent

gender disparities. It argues that: "improving rights, making institutions gender-sensitive, and promoting economic development can be mutually reinforcing. It recognises, however, that political mobilisation is also important: "behind many public actions to promote gender equality are civil society organizations advocating or providing support for such changes".

Eva Charkiewitz of the External Gender Consultative Group said she was concerned that "economic efficiency arguments increasingly prevail in the Bank at the expense of the intrinsic value of gender equity".

🌐 www.worldbank.org/gender/prr

External Gender Consultative Group:

● echsub@euronet.nl

Knowledge Bank's power in South Africa

A new book on South Africa includes fascinating material on the World Bank's role as policy advocate for the post-apartheid era. Author Patrick Bond examines the Bank's strategies of co-option and persuasion of key think tanks, foundations and government officials. He concludes that, although the Bank has hardly made any loans to post-apartheid South Africa: "World Bank advisory teams made a huge impact on social and economic policy".

The Bank's strategies included training "hundreds" of South Africans by the Economic Development Institute, funding consultancies from key think tanks and the publication of policy advice using economic models which "served merely as capricious, erratic tools of political expediency". ©

Elite Transition: from Apartheid to Neoliberalism in South Africa, is published by Pluto Press and University of Natal Press.

🌐 www.aidc.org.za

Education lending criticised

At the World Education Forum in Dakar, Senegal in April, the World Bank announced that it plans to spend more on education. James Wolfensohn said no country with a viable and sustainable plan for achieving Education for All (EFA) would be unable to implement it for lack of external resources. "Donors must be ready to respond more quickly and help countries which are ready to move to meet these goals," he said. The World Bank has doubled its lending for education from US\$918.7 million to an average of US\$1.9 billion a year.

Patrick Bond, University of the Witwatersrand, South Africa, called the proposal "really just insane". "When will someone point out to World Bank loan-pushers that the US-dollar-denominated input costs for basic education are practically zero?" he said, "Why do countries take out dollar loans for education? Where does that hard currency go?" ©

Chad oil project nears decision

In May Chadian and international organisations called for the World Bank to delay its decision on funding the proposed Chad-Cameroon oil pipeline, scheduled for early June. The Bank Board appeared likely to decide that enough improvements had been made to approve the project, already postponed many times.

Eighteen Chadian NGOs (ranging from the Trade Union Congress to Women for Peace) requested the delay until the following actions have been implemented and an International Independent Monitoring Group established. It stated: "the local population is in favour of the oil exploitation but only if it respects the rights and the environment of the people in the oil-bearing region and for the development of the country. The NGOs and human rights associations demand that the World Bank ensures that the project benefits the poorest".

The demanded actions include:

- 1) Defining the consortium's legal responsibilities and a detailed oil spill response plan.
- 2) Revising the Revenue Management Law to make transparent the selection of Control Board members and ensure balanced representation of men and women, government and civil society representatives.
- 3) Freeze expropriations and carry out new public consultations allow-

ing local people to give their opinion on the project freely and in an informed manner.

4) Set up a formal framework to solve problems and conflicts during project implementation.

Friends of the Earth wrote to UK Secretary of State Clare Short urging the British Government to oppose the project. They pointed out that the Bank's own project report recognises "significant risks" that the project will not meet its objectives, and expressed concerns about environmental threats, government corruption and human rights abuses.

In a late May letter, Jacques Ngun of indigenous Bagyeli Pygmy organisation CODEBABIK wrote to the Bank President urging him to take account of their "serious reservations on the inadequacy of project preparation" in Cameroon. He said "studies carried out by CODEBABIK with Cameroonian environment and development NGO Planet Survey, reveal the lack of adequate consultation with Pygmy communities, lack of access to information and of informed participation, culturally inappropriate methodologies, unfair compensation, and increasing social tension between the Bagyeli Pygmies and the neighbouring Bantus". ©

Info via the Bretton Woods Project:

● bwref@gn.apc.org

IMF agrees more transparency

Executive directors have agreed to set up an independent evaluation unit for the IMF. The details of how the unit will function have not been finalised and will be fleshed out over the coming months. A final decision will be made by the Annual Meetings in Prague in September.

It looks likely that the unit will be independent from the staff and management and report to the board, with a core staff and contracted experts for specific projects. Staff want the new unit to be limited to ex-post evaluations rather than carrying out on-going assessment of programmes. They argue that the Bank's Operations Evaluation Department has too much influence in the Bank. Executive Directors have mixed opinions with some arguing that the Policy Development and Review Department already has a systematic evaluation function, although admitting that staff can be biased, whilst others want the unit to be able to carry out on-going evaluations. Thomas Bernes, Canadian ED who heads the Board's Evaluation Committee said that "most of the Board appreciate the need for a broad mandate."

NGOs are calling for the unit to be fully transparent and French NGOs, led by Agir Ici, are calling for an

appeals mechanism to hear the complaints of people affected by IMF policies. It should enable people affected by adjustment programmes to file lawsuits against policies that violate their fundamental rights or when their environment is threatened, and subsequently to obtain reparations. To be effective such a mechanism should be supported by an independent evaluation unit and impact assessments carried out prior to implementation of adjustment programmes. ©

Views on the evaluation unit should be sent soon to Thomas Bernes

● tbernes@imf.org
 ☎ +001 202 623 4712

For a briefing paper email:

● awood@gn.apc.org
 ● agirici@globenet.org
 ☎ www.globenet.org/agirici/

Review of experience with evaluation:

☎ www.imf.org/external/np/eval/2000/031400

India health review queried

A short report *Inspection or Eyewash?* discusses the visit of World Bank officials to hospitals of the Punjab Health Systems Corporation (PHSC) on 8 May. Hospital authorities prepared carefully for the visit, but patient groups and NGOs were not invited. The Bank-funded Punjab Health Systems Corporation (PHSC) is a parastatal body working alongside the state run health services.

Dr. Vineeta Gupta, General Secretary of Insaaf International, tried repeatedly to meet the World Bank team during their visit to tell them about the "total lack of transparency, corruption and miss-utilisation of the World Bank funds". But she was not allowed to get in touch with the team. She commented: "so much for the accessibility of the World Bank officials and transparency in the World Bank projects". ©

☎ www.geocities.com/insaaf
 ● insaaf@glide.net.in

Bank ducks Coal India release

After a four month delay, Asger Christensen, World Bank Task Leader for the India Coal Sector project replied to Minewatch in May saying that the Bank could not release the mid-term review of the project, as "in accordance with the disclosure policy of the World Bank, all documents related to the project and exchanged between the client and the Bank can only be released at the discretion of the client, in this case, the Government of India and Coal India Ltd."

This contradicts assurances given to NGOs at the time the project was approved in 1997 that the mid-term review would be a tool for accountability and NGO input. ©

● minewatch@gn.apc.org

The World Bank is reviewing its Information Disclosure policy. Following an initial discussion of the proposed Policy by its Board there should be a clear process of external consultation.

● bpatel@bicusa.org
 ☎ www.bicusa.org

World Bank backs Czech nuclear power

A study released in April by Hnutí Duha (Friends of the Earth, Czech Republic) and the CEE Bankwatch Network found that World Bank resources "are directly supporting nuclear facilities in the Czech Republic". This finding contradicts World Bank policy of non-involvement in nuclear power.

A Bank loan allowed the Czech power utility to move forward with an investment plan focussing on a half-built nuclear power plant which is five years behind schedule and five-fold over budget. Bank money was also used directly for auditing safety standards at the plant and connecting the transmission grid to the Temelin plant, according to the newsletter of the Czech power utility, CEZ.

As the CEZ is also in violation of key World Bank financial conditions, the report concludes: "We expect the Bank to promptly put pressure on the Czech government, as well as the CEZ utility, to change their investment policy away from unsafe and economically crippling nuclear power." ©

☎ www.dunafoc.cz
 ● hduha@ecn.cz

Panel slams Bank on China project

The *Wall Street Journal* ran an article on 4 May stating that "the World Bank badly mishandled an anti-poverty project that would resettle 58,000 Chinese farmers onto hotly disputed farmlands traditionally inhabited by ethnic Tibetans, according to a report by an internal bank watchdog panel".

Although copies of the Inspection Panel report had not been made public at the time of writing, it became known that it concluded that Bank staff seriously violated their own guidelines while preparing the \$160 million China Western Poverty project. Bank staff did not adequately assess the impact on the environment in Qinghai Province and on the Tibetans who live there.

"From our understanding it is a damning report, and we expect the Bank to cancel the project," said John Ackerly, president of the International Campaign for Tibet, the Washington-based human-rights group that filed the complaint to the Panel on behalf of local Tibetans. ©

☎ www.savetibet.org/action/worldbank_rally.html
 ☎ www.tibetinfo.net/Reports/trenviron.htm

Pak Mun dam controversy fuelled

The Thai authorities and the World Bank, the main funders for the Pak Mun dam project, hailed the dam as a big success, but the World Commission on Dams (WCD) recently released a critical evaluation. The Commission, a multi-stakeholder review body, found that:

- The 136 Megawatt power output target has not been realised. The actual output was about 40 MW for April and May, during which both demand and capacity for power are at their highest.
- The dam's Economic Rate of Return (EIRR), is about 4 to 5 per cent, well below the original estimate of 12 per cent.
- The dam has caused the loss of 60 to 80 per cent of the fish in the reservoir and the river upstream of the dam. Of 265 species found in the Moon river before 1994, the WCD counted only 96 species upstream of the dam.
- The original plan claimed that only 241 households in 11 villages would be affected. Altogether, however, 1,700 families have lost their house, land, or both.
- The Pak Mun dam, completed in 1991, was supposed to provide irrigation for

When the Rivers Run Dry – The World Bank, Dams and the Quest for Reparations is a new report from International Rivers Network. It sets out the Bank's track record in providing more than \$60 billion (in 1993 dollars) for 538 large dams in 92 countries, including many of the world's largest and most controversial projects.

☎ www.irn.org

25,900 hectares, but the WCD found that so far, these claims have not been fulfilled.

- The dam has led to the loss of 40 edible plants, 10 bamboo species, and 45 species of mushroom from the area.

Hundreds of villagers have been protesting at the dam site for many weeks demanding the opening of the spillways to let fish migrate.

The Bangkok Post recently described the Mun villagers as "Thailand's longest-running and most organised grass roots movement". ©

Southeast Asia Rivers Network (SEARIN)
 ● searin@chmai.loxinfo.co.th

US roles in Bank examined

A new book sets out current issues in multilateral development bank reform and the way that the US pushes its interests in the institutions. Written by former USAID official Barbara Upton, it sets out very interesting interview material.

It argues that "by pushing unrealistic or contradictory mandates upon multilateral institutions, aggressively seeking the appointment of inappropriate individuals to leadership positions, and failing to deal, in some cases for decades, with obvious problems, the US may have played an important role in the poor performance of many multilateral institutions and then sought to blame them for the ensuing failure."

Addressing the question of how can the US government portray itself as the champion of social and environmental policy reforms at the Bank while still also using it as a tool to open markets for US companies Upton concludes that: "the United States either advocates so many priorities it is ineffective or advocates positions so inconsistently that it does not achieve results".

She urges the establishment of a structured process to prioritize US objectives and build coalitions with other key governments. NGOs should be involved, perhaps in a formal advisory body to balance the problem that "the group dealing with the MBs in the US government ... can become too insular and fail to ask the hard questions or challenge long-held assumptions." ©

The Multilateral Development Banks: Improving US Leadership is available from Praeger Publishers

www.praeger.com

World Bank, WTO links strengthened

Developing countries' exports, particularly agriculture and textiles, should have comprehensive and predictable duty-and quota-free access to rich countries markets if they are to benefit from outward-oriented reforms, concluded the Development Committee.

Ministers emphasised that countries should ensure that trade policy is integrated into a comprehensive development framework that includes necessary complementary reforms and investment in institutions, infrastructure and social programmes. They also reiterated support for Bank, IMF and WTO cooperation to develop programmes for capacity building for trade, including through an improved Integrated Framework for Trade Related Assistance for the Least Developed Countries.

NGOs are concerned that there is a disjoint between processes for developing poverty reduction strategies which encourage policy setting at the national level and trade policy which continues to be regarded as outside this process and is set at the international level.

Meanwhile, the World Bank is introducing the failed Multilateral Agreement on Investment (MAI) through the back door. In Romania, the Bank has said that further loans will be made only on condition that the government does not discriminate against or give special concessions to individual foreign investors. The move comes after the Romanian government gave tax and other concessions to Renault after revoking concessions it had earlier given to Daewoo. ©

Will Meltzer sink or swim?

The debate on the roles of the Bank and Fund looks set to accelerate. Official reactions to the Meltzer report (see April's Update) have generally been that the institutions need some fixing but they are not fundamentally broken. There is little support for taking the IMF out of developing countries but there has been considerable discussion about the need to streamline it, and for improving the distinction between the Bank and Fund. The US Executive Director has warned that Congress could try to attach reform conditions to its funding for the Heavily Indebted Poor Country

(HIPC) debt Initiative, particularly since the demonstrations in Washington have raised more public interest in the institutions. Ministers remarked that it would not be helpful to cut resources to Africa. Already IMF and WB assistance was too low and too slow. Mr Barro Chambrier, African IMF ED, noted that although African countries would like to graduate onto normal IMF financing this would take time and in the meantime African countries still needed concessional finance from the IMF for short term stabilisation.

Ministers also remarked that the

Poverty Reduction Strategy process was adding extra layers of conditionality and they were concerned that their countries would not have sufficient resources to prepare Poverty Reduction Strategy Papers (PRSPs) properly. Such a task was "easier said than done." They also were concerned that the IMF does not have the expertise to judge a good poverty strategy.

Mr N'Golo Coulibali, Minister of Finance for Cote d'Ivoire, commented that previous IMF policies had not taken into account the mass of the people which had led to discontent and the eventual overthrow of the previous government.

Commenting on the IMF's governance structure they urged that it

Ecuador mining demands

The Organizacion Defensa y Conservacion Ecologica de Intag has written again to the Ecuadorian environment minister to request that mineral surveys from the Cotacachi-Cayapas national park are not released. They fear that this data would lead to an unstoppable influx of artisanal miners to this area of the North-West of the country. The surveys were carried out under a World Bank financed mining project, called ProdeMinca. The World Bank's Inspection Panel visited Ecuador in April to investigate the issue.

decoin@hoy.net

www.decoin.org/whole.html

Narmada World Bank rumour

The Chief Minister of Gujarat has apparently hinted that he is applying to the World Bank for the Drinking Water component of the Sardar Sarovar dam on the Narmada river which the Bank was forced to pull out of in 1993. No confirmation has been available from the Bank.

www.narmada.org

Contesting Global Governance:

Multilateral Economic Institutions and Global Social Movements

The first full-length study of relations between social movements and the IMF, the World Bank and the WTO has just been published. The book provides a rich comparative analysis of the institutional responses to social movement pressure, tracing institutional change, policy modification and social movement tactics.

Contesting Global Governance can be ordered via Kate Wain

kwain@cus.cam.ac.uk

Summers calls for transparent selection

US Treasury Secretary Lawrence Summers has suggested that the Fund and Bank should set up outside advisory committees which would choose new heads for the institutions from a panel of candidates. The committee should be representative of the lending agency and the criteria for choosing leaders should be made public. However, whilst calling for a more inclusive selection process he would not immediately do away with "current traditions" ie that candidates are limited to US and European nationals.

was important to increase Africa's voice in decision making processes, particularly because they are the most frequent users and recipients of IMF advice and money. Although the allocation of basic votes should be increased vis a vis those votes allocated based on economic might, Africa benefited from consensus decision making and this should be preserved. Mrs Moholo, Governor of the Central Bank of Botswana, suggested that African governments could advise the IMF on conditionality and access to resources, and pointed out that many developing countries are contributing financially to the Poverty Reduction and Growth Facility, so they should be involved in how it is used. ©

its clients would be improved if policy advice and surveillance was delinked from lending, also making policy reform more credible to foreign investors. Also, the implicit IMF veto on World Bank lending for adjustment should be eliminated.

The report also calls for a re-allocation of voting power on the IMF's board to give developing countries a greater voice. ©

www.odc.org
/commentary/imfrpt.html

Asian Monetary Fund shelved

In March, finance ministers from the South-east Asian Nations (ASEAN) postponed plans to create an Asian Monetary Fund after pressure from the IMF and the US government. However, ministers agreed to conduct a study on the modalities for a regional financing mechanism and will discuss the proposal again later in the year. Ministers did agree to establish a currency swap arrangement.

A Singaporean banker said 'the west, and the IMF in particular, is worried about losing influence and leverage in the region if an AMF is established,' reported *The Guardian* (March 27th). 'They want to be able to continue to dictate to governments over how to handle monetary crises,' he added. Focus on the Global South concurred that "Washington continues to oppose the creation of any institution that would involve either a weakening of US influence over the economies in the region or supplant the role of the IMF" ©

see: Focus on Trade #50

www.focusweb.org

Back to Basics for IMF

The International Monetary Fund (IMF) should scrap its long-term lending programmes to poor countries because it lacks competence on issues such as reducing poverty, according to a new report, *The Future Role of the IMF in Development: An ODC Task Force Report*, by the Overseas Development Council (ODC). The report, signed by 14 experts, calls for the Fund to focus on analysing the macroeconomic components of programs, while the Bank assumes overall responsibility for poverty reduction and growth aspects.

The Fund's Poverty Reduction and Growth Facility (PRGF) should be closed and the resources transferred to the Bank. IMF lending should be for short-term, stand-by agreements for countries with macro-economic problems, with conditions limited to reforms necessary to restore macroeconomic stability. The report argues that transparency between the Fund and

Peaceful protests raise awareness

In April, thousands of protesters gathered in Washington DC to close down the World Bank and IMF Spring Meetings. Carrying banners with slogans such as "More World, Less Bank", "Defund the Fund" and "Stop Washington's War on the World's Poor", they voiced discontent with the pace of change of the global institutions, the continued financing of destructive projects and programmes and the dominance of the institutions by a small group of industrial countries.

Groups from across the world were represented, including affected peoples from South Africa, Guatemala, Haiti, the Philippines, Nigeria, Uganda, and Eastern Europe, and labour unions, church groups, NGOs and students.

Although unsuccessful at closing down the meetings the protests led to widespread debate in the media.

One developing country official remarked in the Development Committee meeting that he would join the demonstrators if progress had not been made on dismantling trade barriers in rich countries by the time of the Prague meetings. An IMF staff newsletter reported staff's anger at the media portrayal of the IMF as a cause of poverty, and that staff were "listening [to the television] with clenched fists to the vilification of our jobs and the distortions of the facts we know first hand." The staff suggested that better media outreach was needed to get their message across and educate the public about the IMF's role.

Parallel protests were also held in South Africa, these included seminars and workshops, street actions, a demonstration outside the United States consulate in Johannesburg

against the role of the WB and IMF and the United States influence over the institutions, and religious services.

The next focus for demonstrators will be the Bank and Fund annual meetings in Prague in late September. Thousands are expected for demonstrations and teach-ins. Central and Eastern European NGOs are working with others to organise public events to highlight and debate concerns, with the aim of raising public awareness of the activities of the Bank and Fund amongst citizens of the Czech Republic. ©

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Ministers support protesters

Leaders attending the G77 meeting of developing countries in Cuba in April, also lent their support to the protests in Washington against the IMF and World Bank.

The G77 spokesperson, Arthur Mbanefo, is reported to have commented that "many countries have rejected the results of various policy initiatives of the World Bank and IMF," and added, "we are very supportive of demonstrations that could forcefully handle those concerns."

South African President Thabo Mbeki said, "We believe consciousness is rising, including in the north, about the inequality and insecurity globalization has brought about the plight of the poor countries." He added that the protests against the WTO, World Bank and IMF were a sign of "a changing atmosphere which a more coherent Third World voice can take advantage of."

US report criticises WB corruption controls

In April the US General Accounting Office has produced a report on the World Bank's anti-corruption strategy. The GAO concluded that the Bank does not have reasonable assurance that "project funds are spent as intended". Weaknesses lie in the areas of risk assessment, supervision, and monitoring.

Although the Bank has new oversight committees and staff to monitor operations and borrower procurement and financial management practices, supervising loan disbursement remains a low priority.

www.gao.gov
/new.items/ns00073.pdf

UK companies lead Bank hall of corruption shame

Over half of companies breaching World Bank guidelines on fraud and corruption are British. The list of firms "ineligible to be awarded a World Bank-financed contract because they were found to have violated the fraud and corruption provisions of the Procurement Guidelines or the Consultants Guidelines" contains 54 companies - 36 UK-based. The findings process permitted accused firms and individuals to respond to the allegations. Projects found to involve bribery or misrepresentation include a telecoms project in Turkmenistan.

www.worldbank.org
/html/opr/procure/debarr.html

Bankrupt the World Bank!

As 80% of the money the World Bank uses to make its loans actually comes from the sale of bonds to institutional investors (pension funds, universities, municipalities, etc.). A campaign initiated by activists in Haiti and South Africa demands that the Bank immediately cease its structural adjustment programs. Until it does so, they are calling on those who buy and sell those bonds to suspend their business with the World Bank.

www.worldbankboycott.org

Police break up anti-IMF protests in Zambia

In April protesters outside a Lusaka hotel where IMF and Zambian officials were meeting were dispersed by armed riot police in Zambia. The protesters were brought together by leading women's rights groups. Emily Sikazwe of Women for Change commented, "IMF policies are killing us, especially women and children".

Anti-IMF and Bank protest tear-gassed

In Malawi in May, a peaceful official demonstration, led by the Congress of Trades Unions, against IMF and World Bank reform policies and calling for the government to consider peoples' needs before conceding to donors' demands was broken-up by police with tear gas. The police acted when protesters tried to hold up placards denouncing the two institutions as President Bakili Muluzi and donors passed by on their way to the opening of the consultative group.

Muluzi, a former World Bank and IMF critic, defended the two institutions, saying "I remain convinced that the World Bank and the IMF mean well and are genuinely interested in assisting poor nations."

The previous day donors had held a meeting with Malawi civil society, which also included a number of government officials such as the Secretary to the President and Cabinet, the Minister of Health, the Minister of Finance and officials from the Opposition party, to solicit views on various issues such as governance, women's rights and poverty and human rights such as freedom of expression and labour issues. ©

Brown's committee is "political whitewash"

Bank and Fund staff have complained that the Joint IMF-World Bank Implementation Committee (JIC), which has been established to coordinate work on the Heavily Indebted Poor Country (HIPC) Initiative and the Poverty Reduction Strategy Papers (PRSP) program is just "political whitewash". They are concerned that the JIC, which Gordon

Brown and Clare Short pushed for, is simply introducing another layer of bureaucracy without adding value.

In addition to overseeing implementation and coordinating reports and briefings to the Executive Board, the JIC will provide a means for resolving disputes between the Bank and Fund which can't be resolved at the regional level. If disputes can't be settled by the JIC they will then be taken jointly to the senior managements in both institutions.

The Committee, which will become effective on May 1, will be co-chaired by Masood Ahmed (Deputy Director of Policy Department and Review Department, IMF) and Kemal Dervis (Vice President of the Poverty Reduction and Economic Management Network, World Bank). ©

IMF SAPS hurt the environment

A new report by Friends of the Earth-US, *The IMF: Selling the Environment Short*, highlights how the IMF's growth-led development model and its approach to stabilisation are unsustainable and fail to consider the implications of ecological limits. The recommendations include:

- environmental impact assessments should be carried out as part of a SAP agreement;
- environmental ministers should be included in negotiations on IMF programmes, and consultation with civil society and NGOs should be increased;
- publication of disaggregated figures for environmental spending; and
- environmental accounting should be part of IMF technical assistance and data gathering. ©

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IMF Suspends Lending To Moldova

The IMF has suspended lending to Moldova because the parliament has refused to allow the state-run wine and tobacco industries to be privatized. Only 16 members of the 101-seat parliament voted in favour of the measure which would have opened the doors to a \$35m IMF loan and \$150 from other lenders. Parliamentarians objected to the privatisation on the grounds that these industries are almost the country's only profitable sectors and are strategic.

The IMF's refusal to lend the money could result in non-payment of the country's foreign debt. The government is also facing increasing pressure from students, state workers and pensioners who have not received their stipends and salaries for months. The IMF representative in Moldova said, "the IMF may reconsider its position by the end of this year, but our conditions remain the same." ©

Stiglitz "appalled" at IMF policy

Joseph Stiglitz, former World Bank chief economist, took the opportunity of the extensive media interest in the planned protests against the Bank and IMF at their Spring Meetings to launch an attack on IMF policy advice and practices. He condemned the way the IMF and US Treasury Department responded to the East Asia crisis. In the April issue of the *New Republic* he said it "was a mistake", to force the crisis countries in Asia to tighten budget spending and criticised the IMF's opacity: "with everything going on behind closed

doors, it was impossible to know who was the real obstacle to change." He echoed many NGOs, saying that "in practice, it [the IMF] undermines the democratic process by imposing policies" because "all the power in the negotiations is on one side—the IMF's—and the fund rarely allows sufficient time for broad consensus-building or even widespread consultations with either parliaments or civil society. Sometimes the IMF dispenses with the pretense of openness altogether and negotiates secret covenants."

IMF staff are number crunchers who "frequently lack extensive experience in the country; they are more likely to have firsthand knowledge of its five-star hotels than of the villages that dot its countryside" and are "third-rank students from first-rate universities." They use mathematical models which are "frequently flawed or out-of-date." The task of developing a coherent program sensitive to the needs of a country is "impossible" in a few days or weeks.

Reacting to criticism from Stiglitz, and protesters, Stanley Fischer, acting IMF Managing Director, praised IMF staff for their hard work and dedication. Commenting on the protests he said that distinctions should be drawn between "sensible" campaigns such as Jubilee 2000 and disaffected students.

Whilst the IMF restrained itself from publicly reacting to Stiglitz, Professor Rudi Dornbusch, an associate of Stanley Fischer at MIT, took up the challenge, writing that "the notion of IMF malpractice and crack pot medicine argued by Joe Stiglitz is out-and-out frivolous and, of course, mostly self-serving." "Neither the IMF nor the World Bank needs theorists; they need well-trained country veterinarians." ©

Stiglitz article on:
www.tnr.com

UK Strategy on World Bank

In March the UK Department for International Development published its Institutional Strategy Paper on the World Bank Group. It contains quite a good analysis of the strengths and weaknesses of the Bank Group and some useful objectives which many NGOs will be able to support and work with.

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Sri Lankan appeal on aid transparency

Sri Lankan NGOs wrote to their President in May urging him to open up the annual Aid Group meeting at the end of May. They note that "generally, the Government commits itself to most of the recommendations made by the WB and IMF, but that people in a democratic country such as Sri Lanka expect that the elected representatives would provide sufficient opportunity to people to know the proposals in advance and express their views".

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Wolfensohn's jealousy factor in Ahmed move

James Wolfensohn's disgruntlement that the Poverty Reduction Strategy Process has supplanted his own Comprehensive Development Framework (CDF) is a factor in Masood Ahmed's, former Vice President for Poverty Reduction and Economic Management, decision to leave the Bank. The PRSP process has apparently superseded the CDF because it involves the IMF as an equal partner. Allegedly, Wolfensohn tried to penalise Ahmed for his involvement in designing the new PRSP process by transferring him to another department, which he declined.

IMF demands Cote d'Ivoire austerity

The IMF has told the transition government in Cote d'Ivoire that it should cut government spending after finding that spending was more than double the level agreed by the former president, who was overthrown in December 1999. Among the measures the IMF proposed were:

- charging value-added tax at "normal rates", ie between 18 and 20 per cent;
- restricting spending on education and health care; and
- raising at least 1.2 billion CFA francs (1.8 million dollars) in taxes and holding wages in check.

IMF board blocks PSI publication

The new buzz word in the global architecture debate is PSI – Private Sector Involvement. IMF staff are working to flesh out the framework for private sector involvement in financial crisis resolution outlined in the 1999 G7 Summit statement. In particular, work has focussed on the benefits of a formal debt standstill mechanism. However, the publication of IMF studies supporting such a mechanism has been blocked by the board because not all members, including the US and UK, agree with the idea.

Whilst progress has been made on resolving financial crises in specific country cases such as Pakistan and Ukraine, the IMF admits that little progress has been made on how to resolve crises caused by a sudden reversal in investors' confidence. Bailout programmes do not work in all cases, and are costly.

The IMF has had some positive experience with using "moral suasion", ie in Korea, and a debt monitoring system in Brazil encouraged creditors to stay in the country.

European governments, concerned about the cost of financial packages, favour a system which would force private creditors to roll over their loans if the need for financial support is above a certain threshold. The IMF has concluded that the most effective solutions are either to default, which could have implications for future borrowing costs, or to impose exchange controls. ©

IMF reviews crisis conditionality

An IMF team has started a review of the conditions it applied to bail out South Korea, Thailand, Indonesia and Brazil. The review will also look at what happened in Mexico, the Philippines, Turkey and Argentina.

The review will question the IMF's assumptions, what needs to be changed and see whether the use of structural conditionality should be limited in future.

Chapters will look at macro-economic policy generally; IMF financing, private sector involvement and the implications of debt standstills for adjustment; fiscal policies and their social impacts; exchange rate policy; structural policies; and social safety-nets.

Some NGOs have stressed that the social implications of all the IMF's policies should be considered not just fiscal policy. Particularly, the

"The crisis of legitimacy and confidence is palpable among World Bank and IMF technocrats to whom the mass civil disobedience is the culmination of months of feeling besieged. Many now see the prospect that their organizations might be drastically downsized, if not eliminated."

Walden Bello in Focus on Trade No. 49, April 2000
 www.focusweb.org

impact of high rates of interest and structural policies on small and medium enterprises, and unemployment. The IMF has declined to publicly disclose the study's terms of reference because they are "constantly changing". ©

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IMF "lending into arrears" in Ecuador

The new IMF policy of "lending into arrears", that is lending to countries in financial crisis with debts owing to the private sector, has been applied to Ecuador. The country has been suffering a financial crisis as foreign investors have left. Last year, the Ecuadorian government declared a default on its debt repayments including its Brady Bonds. The government has been in negotiation with the IMF on a financing programme since early summer 1999 but only now has a programme been agreed. The agreement is expected to encourage creditors to start negotiating a restructuring agreement.

The one-year programme calls for wage restraint, liberalisation of the labour market and significant increases in heavily subsidized domestic fuel prices. To offset the impact on the poorest groups, the program will also allow for substantial increases in cash payments to the poor.

The program also provides for the possibility of further increases in social expenditures in the second half of 2000 if spending targets are achieved and fiscal revenues are higher than programmed. The social impact of the crisis has been severe as the collapsed exchange rate has led to higher import costs and higher inflation. Wages have failed to keep up with the rapidly increasing costs of living. ©

New briefing papers

A new short briefing from the Bretton Woods Project, The A, B, C of the PRSP, drawing on discussions with IMF and Bank staff reveals the reality behind the rhetoric of the new IMF and World Bank Poverty Reduction Strategy Papers.

 awood@gm.apc.org
 www.brettonwoodsproject.org

An Independent Guide to the PRSP, European Network for Debt and Development.

 info@eurodad.ngonet.be

Participation in Poverty Reduction Strategies: a synthesis of experience with participatory approaches to policy design, implementation and monitoring, Rosemary McGee and Andy Norton, Institute of Development Studies, May 2000.

 ids.books@sussex.ac.uk
 www.ids.ac.uk/ids/publicat

Poverty Reduction Strategies: a part for the poor?

IDS Policy Briefing, Issue 13, April 2000

 ids@ids.ac.uk
 www.ids.ac.uk/ids

The Poverty Reduction Strategy Papers: an initial NGO assessment Debt and Development Dossier, Issue 3, Bread for the World Institute.

 emccollim@bread.org
 www.bread.org

Towards National Public Expenditure Strategies for Poverty Reduction

ODI Poverty Briefing, 2 March 2000

 www.oneworld.org/odi

Progress Report on the Poverty Reduction Strategy Papers (PRSP)

World Bank and IMF, 3 April 2000

 www.imf.org

Project recognised in networking award

The Bretton Woods Project was first runner up in GreenNet's Networker of the year award for its website, launched last year. The award, from the Internet Service Provider which supplies many UK and European NGOs, is given to organisations which have excelled in their use of Information and Communication Technology for linking people to information and activities in the fields of development, social and environmental justice.

 www.brettonwoodsproject.org

Other hot sites:

 www.whirledbank.org

 www.OneWorld.net/campaigns/imf&w



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