

Post Prague

Many people are wondering what the World Bank and IMF Prague annual meetings, plus associated independent discussions and protests amounted to. Some argue that it was a major step on the road to disempowering the international institutions and their backers. Others that Prague saw little more than people talking past each other inside the meetings and photo opportunities of confrontations outside. A large number, regardless of their own positions, are urging serious strategic assessment of what is being achieved by the various dialogues and protests.

The meetings were accompanied by the usual blizzard of official and non-official publications, and many column inches of media coverage. Many NGO representatives met officials and journalists inside the official conference centre, while the CEE Bankwatch Network and others organized parallel activities including a skill-share and a public forum. Many students, journalists and others were brought into discussions or protests about the roles of the Bank and Fund. There were excellent networking opportunities for the thousands of officials, NGOs and private bankers.

However, while the press coverage, discussions and protests were more extensive than in previous years, they rarely revealed the key issues at stake. Many of the meetings in the conference centre were not organized in a way to create genuine dialogue, and even the much-touted Castle dialogue organized by Czech President Vaclav Havel yielded little genuine exchange of views.

The World Bank tried to outflank opponents by asking for new mandates and funds to tackle 'global public goods' and set up a major new internet initiative. Fortunately NGOs and governments tried to block these moves, the Develop-

ment Committee demanding a review to clarify the Bank's agenda (see stories on pages 3 and 4). The Group of 24 Southern governments complained of the "ever-mounting political pressures and non-economic considerations interfering

with the process of approval and implementation of the bwr's programmes and projects".

The experience of this year's meetings, where the range of pressures on the Bank and Fund were all too visible, may cause a rethink of the whole approach to annual get-togethers. The institutions and their shareholder governments may, for example, move decision-making to other fora and electronic exchanges. Similarly campaigners are considering how to improve communication and co-strategizing between groups using different tactics and based in different countries. Fortunately a number of writers have recently published some thought-provoking proposals about how global decision-making can be achieved more legitimately and effectively (see story on page 2).

"The Bank and the Fund are more interested in splitting civil society opposition to their projects, and they do this by branding some civil society groups as 'reasonable NGOs' and their more militant critics as 'unreasonable', interested only in closing down discussion."

Walden Bello, *Focus on Trade*, October 2000
 www.focusweb.org

"The violence suggests that the anti-globalization movement still lacks a Rev. Martin Luther King-like figure capable of disabling opponents with dignity, bringing attention to the cause and not themselves."

Prague Post, 27 September 2000
 www.praguepost.cz

"Demonstration fatigue is already setting in. History suggests that protest groups only turn into successful mass movements when they tap into widespread discontent and offer a feasible alternative."

Larry Elliot, *The Guardian*, 27 September 2000
 www.guardian.co.uk

"More attention has to go to expanding and refining our agendas, to give militant actions greater meaning and strength by incorporating much more outreach, many more events and activities that have more diverse and introductory levels of participation."

Michael Albert, *The Trajectory of Change*, ZNet Commentary, October 1,  www.zmag.org

"The agenda had been taken over by the protesters. Prague created quite an impression with the World Bank-IMF bureaucracy. I sensed that after Prague the words of civil society will be taken much more seriously, but whether this will mean real dialogue we still have to find out."

World Bank staffer, October 2000

"The institutions say they are ready to listen. But are they ready to hear?"

IFI et Maintenant, October 2000
 www.globenet.org/ifi

"The report opens space for groups to use arguments often considered illegitimate" – page 4

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New global governance proposals

Three new books and reports set out proposals for reorienting and improving global governance arrangements. These interesting analyses from independent civil society analysts are sure to spark much discussion among officials, journalists and campaigners.

All three agree that the world suffers from too little governance as well as the wrong type of governance. The authors of *Reimagining the Future: Towards Democratic Governance* argue that "the current world order is dangerously unbalanced, favouring the most powerful states and TNCs. Both will have to relinquish some power to bring about a more just world order. The establishment of democratic checks and balances through a form of global democracy is a sine qua non of world survival."

Because of issues such as climate change, offshore banking, arms and drugs trafficking, the report argues that global regulatory institutions are essential. This report, based on three years of meetings and exchanges led by La Trobe University, Focus on the Global South and the Toda Institute foresees three

possible scenarios: continuity, collapse and transformation.

Global governance should, the report stresses, not be considered similar to a global government but as a complex of interlocking, inter-governmental regimes and institutions that regulate at local, national, regional and global levels.

Recommendations for new institutional arrangements include creating a UN Peoples' Assembly, and establishing a World Human Development Trust, a Women's Development Bank and a Global Commons Bank. The latter would be charged with "encouraging and diffusing scientific, technological and artistic innovations beneficial to humanity and protecting the natural environment for the use of future generations." It could be split into two arms, a Global Knowledge Bank,

linked to a new intellectual property regime, and a Global Ecology Bank. Further recommendations are made on regulating capital flows and on global security.

New Economics Foundation's report *It's democracy, stupid: the trouble with the global economy* covers similar ground. Laced with punchy quotes from political leaders, researchers and campaigners it also proposes means to overcome the concentration of world power and wealth. Looking at models such as citizens' juries, the report advocates a major, open discussion of how to revolutionize decision-making to put people, not elites, at the centre.

The third book, by Michael Edwards, a civil society analyst who has worked at Save the Children, and the World Bank and is now at the Ford Foundation, looks in detail

at the role of NGOs in international decision-making. He also starts from the premise that while there are many more global policy issues, global institutions are losing their legitimacy. Among these global institutions, however, he also counts NGOs and argues that NGOs must do more to demonstrate adherence to the values of accountability and transparency that they propose for other institutions, or suffer a backlash and a loss of legitimacy and access. He proposes that:

- NGOs should have a voice, but not a vote in international decisions;
- NGOs should participate in international fora on the basis of set standards monitored by self-regulation institutions;
- Southern NGOs should be prioritized for resources and training.

Reimagining the Future. Towards Democratic Governance, Global Governance Reform Project/La Trobe University
n.mete@latrobe.edu.au

"It's democracy, stupid" The trouble with the global economy – the United Nations Role and democratic reform of the IMF, World Bank and WTO, *New Economics Foundation*
www.neweconomics.org

NGO Rights and Responsibilities, A New Deal for Global Governance, *Michael Edwards, Foreign Policy Centre and NCVO*
www.fpc.org.uk/reports

Reform of IMF governance now on the agenda?

At the Annual Meetings South African Finance Minister, Trevor Manuel, demanded a more powerful voice for developing countries. "We must ensure that we [developing countries] can exercise ownership in a manner far beyond out dated formulae which currently govern quota distribution."

"Developing countries need a greater voice in providing strategic direction to the Bretton Woods Institutions to ensure greater effectiveness and credibility," he said. African governments would like to see their voting rights enhanced to reflect their numbers. Currently 43 African countries are represented by only two Executive Directors.

However, there has been very little public debate about enhancing the involvement of the poorer developing countries in the governance structures nor has the recent "Cooper" Report, which reviewed the IMF's quota formula, encouraged further debate. In fact its proposals, if implemented, would increase the voting power of the US and decrease that of the Africans. IMF Managing Director, Horst Köhler, has said that he will set up a work programme to address quota issues but he wants it to go "beyond voting reform".

The Executive Board has agreed

to add one extra advisor to each multi-country delegation to the IMF Board. Increasing staff by only one person is not, however, likely to significantly increase the capacity of the African EDs to better represent the many countries in their constituencies or to engage more effectively in policy debates.

Also missing from the discussions were proposals to reform the process for appointing the Managing Director. A committee was established in July to address this issue (See Update 17). The International Monetary and Finance Committee discussed the committee's progress but no mention was made in its communique. African IMF ED Jose Pedro de Morais said that developing countries want to keep the debate high on the agenda of the International Monetary and Finance Committee.

It appears that the committee has been instructed to steer away

from the politically sensitive issue of allowing non-Europeans to take the IMF's top post. If a compromise is reached, it is likely that it will be to allow IMF members from other regions to more clearly express their preference amongst European candidates. The IMF may opt for a selection committee.

Oxford academic Ngaire Wood commented in a recent article in *Prospect* magazine "The United States effectively killed the issue some time before the Annual Meetings by letting it be known that it would not open up the top job at the World Bank to any genuine election. The onus is now on these governments to explain how this squares with their commitment to greater accountability and transparency in international organizations".

A new briefing by the Bretton Woods Project, A Structural Adjustment Programme for the IMF, exam-

"If the World Bank and IMF give Kenya money, this will be for the reasons of the international community and not for the sake of Kenyans. And in the process, these institutions will have given Moi's dictatorship a blood transfusion"

Judge Aaron Ringera, Head of the Kenya Anti-Corruption Authority (KACA)

ines the case for reforming the IMF's governance structures and suggests ways to do so. It proposes measures to improve the accountability of the Board and the IMF staff and management and calls for measures to formalize civil society participation.

www.prospect-magazine.co.uk

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IMF transparency pledges

The IMF's Executive Board agreed to improve IMF transparency in September, including writing documents in clearer language and making them available in other languages than English. It has been agreed that:

- most Article IV surveillance documents and related public information notices can be made public on a voluntary basis, except Financial System Stability Assessments on which a decision will be made at the end of the year;
- programme and staff documents relating to the use of Fund resources, such as Poverty Reduction Strategy Papers and Joint Staff Assessments, will be presumed to be public, except Use of Fund Resources Staff Reports (these assess whether a programme is in fact needed and what reforms may be necessary), which can be published on a voluntary basis;
- some staff mission documents can also be published on a voluntary basis; and
- publication of Board papers on policy documents and related Public Information Notices will depend on whether Board dis-

ussions have reached completion or whether their publication is deemed useful.

These moves are welcome although the Bretton Woods Project is concerned that publication of internal evaluations has not been made mandatory, nor are staff mission reports assessing progress with programme implementation to be made available.

The Project is also concerned that the staff do not produce "programme completion reports", which assess whether programmes have achieved their objectives and whether conditions were implemented (or why programmes have broken down). The staff argue that assessment is automatically carried out when a new programme is formulated. However, this may not be the case if there is delay in agreeing a new programme, and consistency and quality of analysis is not assured.

www.imf.org/external/np/sec/pn/2000/pn0081.htm

Evaluating the Fund

Terms of reference have been agreed for the IMF's External Evaluation Office (EVO). Under external pressure, the Executive has stepped back from limiting the mandate of the EVO to ex post evaluations as had suggested in its August Board paper. The EVO will have complete freedom to evaluate all areas of IMF activities except ongoing Article IV consultations. The Board also agreed to waive its right to approve the EVO work programme, which NGOs had feared would allow the Board to reject evaluations it did not agree with. This decision will enable the EVO to operate as independently as possible from the Board and management. NGOs welcomed these changes which they had requested in a letter to the International Monetary and Finance Committee, signed by 130 NGOs, academics and individuals from 33 Countries. The EVO letter also demanded:

- publication of all reports;
- full transparency in setting the terms of reference for evaluations and appointing consultants;
- mechanisms for stakeholders outside the IMF to suggest areas for evaluation and to input into terms of reference and comment on draft reports;
- mechanisms to ensure that staff, particularly those seconded from the IMF, are free to act as independently as possible;

- clear monitoring and follow-up mechanisms to ensure that the accepted recommendations are implemented.

The Chair of the Executive Committee on External Evaluation, Thomas Bernes was not able to reassure NGOs that these other concerns would be heeded. The Board is taking a "hands-off" approach which means that it will be up to the EVO director to determine its structure and function.

The EVO may become operational before the Spring 2001 meetings in Washington, at which time the Executive Board will provide the Committee with a further report on the EVO's status.

NGO sign-on letter

www.brettonwoodsproject.org

Executive Board's August proposal

www.imf.org/external/np/eval/evo/2000/eng/evo.htm

Summary of the Board's discussion

www.imf.org/external/np/sec/buff/2000/00131.htm

Terms of Reference

www.imf.org/external/np/sec/pr/2000/pr0053.htm

For critical comments on the proposal see:

www.brettonwoodsproject.org

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Bank information policies under scrutiny

A number of NGOs are mobilizing to input into the redrafting of the World Bank's information disclosure policy. A joint letter has been circulated for sign-ons designed to prevent the Bank – which is constantly emphasizing transparency and good governance for others – implementing only marginal changes to its own information policy.

The open letter argues that "participation" and "ownership" must be taken to mean prior informed consent. The Bank's proposed redraft misses whole categories of important information, including documents relating to structural adjustment and sectoral adjustment loans, which make up over 60 per cent of Bank lending.

The letter argues for the release of:

- all Country Assistance Strategies;
- the President's Report, Tranche Release Memorandum and project documentation relating to structural and sectoral adjustment;
- aide memoires, project status reports, policy papers and country policy and institutional assessments;
- Board Minutes or summaries of Board discussions.

The letter argues that failure to release Country Assistance Strategies (which outline Bank lending plans) will make it impossible for the public to track the implementation of the broad policy goals outlined in the new Poverty Reduction Strategy Papers. As well as NGOs, parliamentarians in Brazil and elsewhere have expressed concerns that they cannot officially obtain copies of important loan documents.

The draft policy does not address the need to translate key documents into local languages and suggests that the Bank plans not to allow documents produced by the Quality Assurance Group or the Quality and Compliance Unit available to either the Bank's Board or the public.

As well as signing the open letter, groups are making these points directly to Bank and national officials.

www.bicusa.org/action

www.worldbank.org/infoshop/disclosure/

NGO information

gsaul@bicusa.org

Official information

disclosure@worldbank.org

Bank blocked on global public goods

Despite the public pressure it faced, the World Bank tried to use the Prague annual meetings to extend its remit to new issue areas. The Bank tabled a paper for the Development Committee asking shareholder governments to agree to further work by the Bank on "global public goods", ranging from work on disease control to environmental protection and knowledge sharing.

A number of key Bank shareholder governments said they felt the Bank was over-extending itself and the Committee agreed that the Bank must assess more closely the demands made on Bank staff and resources and how it can and should work with other international organizations. Clare Short, UK Secretary of State for International Development, told the Committee that "other international institutions have specific mandates which the World Bank must respect". A number of governments and international agencies are in discussion about which agencies should have which responsibilities in this area.

"The Bank currently faces a serious overreach problem.

It's two ambitions – [to be a premier development institution helping to forge common agendas on major issues and a large-scale funder of projects] are not compatible.

They require qualitatively different governing structures, the one emphasizing equal participation and open, time-consuming processes, the other requiring hierarchical order and effective decision-making."

Helge Ole Bergesen and Leiv Lunde
Dinosaurs or Dynamos? The UN and the World Bank at the Turn of the Century, Earthscan, 1999, p. 190.

Bank global net plan: concern grows

In mid-September the Bretton Woods Project coordinated a joint letter of protest on the World Bank's Global Development Gateway plans (see Updates 17 and 18). The \$69 million Gateway aims to be "the premier web entry point for poverty and sustainable development" and to include a representative selection of material from diverse stakeholders worldwide.

The letter complained that the Gateway initiative was insufficiently independent of the Bank and private companies, had rejected alternative decentralized design options, was overambitious and would compete unfairly with other existing and planned web initiatives. It finally argued that many civil society groups were so disillusioned by the Gateway's lack of responsiveness that they planned to continue with independent initiatives to improve electronic information coordination rather than join the Gateway.

The Bank's lack of specific engagement with critical points was again shown by the refusal to answer the letter in detail, merely referring people to a new online discussion (www.worldbank.org/devforum). This was despite the letter being signed by a few hundred people from a very wide range of orga-

nizations as diverse as Oxford University, Techaid Nigeria, Computer Professionals for Social Responsibility, Oneworld Trust and Third World Institute. The letter was also signed by a smaller number of private company staff and officials, including the Chief Executive of the Communication Unit of the Cameroonian Prime Minister. Many other officials indicated their private support for the points raised in the letter.

A number of organizations, led by Association for Progressive Communications (APC), are planning a parallel, independent consultation exercise to discuss how to enhance and take forward civil society work on the internet. A number of government and UN officials are indicating their reluctance to endorse the Gateway as it stands and their support for alternative plans.

The Bretton Woods Project will soon release a brief update on key concerns about the process and planned content of the Global Development Gateway. Order (free):

● gdg@brettonwoodsproject.org

W www.brettonwoodsproject.org/action/gdg/gdgltnl.html

W www.apc.org

W www.worldbank.org/gateway

"No doubt, the Global Development Gateway (GDG) will be used by people in the South, but will it facilitate meaningful dialogue? From my perspective it cannot.

It is likely to become, like One World, a useful repository of data with numerous links to people, organizations, and documents. It may produce better informed development workers. But, it will also:

- *De-contextualize the content it disseminates*
- *Neutralize and de-politicize information*
- *Create an illusory atmosphere of consensus and universality, while proclaiming 'diversity'*
- *draw funding away from local information gateway development initiatives"*

Anriette Esterhuysen, Executive Director, APC
Global Co-operation and Global Dialogue in Development Research and Information
Paper presented at EADI Information Management Working Group meeting, 6 September 2000

WDR gets mixed response

The World Bank got a mixed response to the launch of its Poverty World Development Report in mid-September. The Report argues that attacking poverty must mean expanding livelihood opportunities, increasing poorer peoples' political empowerment and security, plus certain global actions.

Oxfam responded by saying that the Bank could be proud of the report for stressing that "mass poverty in the midst of global prosperity is morally unacceptable, politically unsustainable and economically wasteful". It did, however, query the Bank's "neo-liberal hangover in the Chapter dealing with economic growth". A detailed article by C. Ramanohar Reddy in The Hindu commented that "the World Development Report (WDR), will always be known more for the controversy that enveloped its preparation than for the messages it finally conveys on how to reduce poverty". Reddy finds that the final report differs from the web draft primarily by giving "giving economic growth - as represented in 'opportunity' - far more importance". He argues that the final WDR is "unconvincing" because of this change of emphasis plus "the lack of sufficient data to support some of the core arguments and the disconcerting manner in which research not supporting the WDR's arguments is given only cursory treatment". The

important areas he sees as examples of this are the WDR's treatment of the relationship between trade liberalization, growth and inequality.

The tone of the various responses depends very much on what the WDR is compared with and what people take to be the role of these reports. It is clearly much further-reaching than previous Bank reports, but not as strong or clear as an independent committee might have written or as many contributors to the e-conference suggested. Despite its flaws, the Bretton Woods Project believes that the Report opens space for groups to use arguments often considered illegitimate by governments and international financial institutions. The Project will produce a "readers' guide to the WDR", drawing on others' reactions, in late November. The Project is keen to collaborate with others who have produced or will produce reactions to the Report. Comparative Research on Poverty (CROP), Norway has, for example, already produced a set of detailed commentaries.

W www.the-hindu.com/2000/09/16/stories/05162523.htm

W www.crop.org/wdrcom

W www.worldbank.org/poverty/wdrpoverty

● wdrguide@brettonwoodsproject.org

Environment strategy discussions

The World Bank has recently undertaken on- and off-line consultations about its environment strategy, to be released next year. Whilst this will not have the status of a binding policy, it will influence the Bank's overall positioning on sustainable development issues. The draft strategy suggests three objectives: improving health by reducing peoples' exposure to environmental dangers, enhancing livelihoods by supporting sustainable management of natural resources, and reducing vulnerability to environmental risks such as national disasters and climate change.

A number of people consulted about the strategy have emphasized that it does not adequately address what the Bank will do in all its modes of operation, for example as a lending institution, think-tank

and imposer of national policy conditions. It's approach to reducing vulnerability to risks such as climate change is limited to the unambitious agenda of improving information flow and aiding adaptation to new conditions.

The delayed Operations Evaluation Department Report Environment Review, a major input to the strategy, has recently been released. It contains many criticisms of the current environmental performance of the Bank. The draft strategy document and the OED report are currently being discussed in an online forum.

W www.worldbank.org/environment/strategy

W www.worldbank.org/devforum

● awilks@brettonwoodsproject.org

Forest and adjustment policy reviews

The series of eight Regional Consultations on the World Bank's forest policy have been completed. Reports of these meetings and a document summarizing the main issues are now on the web. A brought up in these regional meetings has also been produced by the Bank.

The Operations Evaluations Group has submitted a (disappointing) report on the IFC's compliance with the Forest Policy.

The Bank circulated an Issues paper, drawing out some of the lessons from the OED and Regional Consultations. It has also now started discussion of a preliminary draft of a new forest strategy and policy, in bullet point format, based on the findings of all these reviews;

A Technical Advisory Group, including governments, companies and NGOs has met once to discuss this draft strategy and policy. Among the interesting decisions it has taken is that the Bank should conduct an assessment of the internal obstacles and disincentives to applying its policies and with proposed measures or mechanisms to overcome these. The Bank has also agreed that its new forest policy safeguards will also apply to structural adjustment loans. It is currently very unclear what this would mean in practice. NGOs are also considering how to link this with the current Bank review of its 1992 directive on adjustment which will go to the Bank's Board in November and be followed early next year by a consultation exercise on a new Bank policy on adjustment.

www.wrm.org.uy/english/tropical_forests/WorldBank

www.worldbank.org/whatwedo/policies

New directions for IMF?

"I have a heart" pleaded Horst Köhler in a meeting with NGOs in London in September and at the Annual Meetings. NGOs welcomed Köhler's commitment to tackle poverty reduction but warned him that they would watch to see what specific changes were made and that they would be highly critical if he did not put his words into action.

Köhler insisted that Africa will continue to be a major focus of the IMF's work. He also insisted that the IMF would have to tackle inequality. He claimed he would work towards "cooperation without ideology", suggesting that the IMF should listen more to developing countries and ensure that the policies the IMF advocates, for example on privatization, are based on needs. "Its not just politicians but societies that need to be more involved", he said, arguing that the IMF should go into the field to meet ordinary people. He was not convinced of any need to reform the IMF's voting system, however.

He agreed that the IMF should develop a more flexible approach to conditionality, with staff presenting governments and parliaments with a menu of reform options. The IMF should be "candid" with governments about what is feasible, whilst being sensitive to cultural and political issues. He also said that the IMF needed to streamline its conditionality, which currently is "too much and too difficult", to focus on core areas, and focus its technical assistance.

He stressed that debt reduction was essential but insufficient for poverty reduction. In addition, rich countries should reduce their trade barriers to developing countries' goods and increase the level of development assistance. Yet he gave

no hints on how the IMF might encourage rich countries to reduce trade barriers and said that developing countries should continue to liberalize in the meantime.

The Annual Meetings in Prague also emphasized the IMF's role in crisis prevention through better surveillance of domestic and the international financial system, particularly through expanding the Financial Stability Assessment Programme and being more proactive in discussing appropriate mechanisms for regulation and supervision of international financial markets.

www.imf.org/external/np/speeches/2000/092600.htm

IMF Lending facilities reformed

As part of the IMF's overhaul, the IMF Board has agreed to further changes in key credit lines: the Contingency Credit Line (CCL), the Extended Fund Facility and Stand-by Loans. It has also decided that countries which have completed their programmes but hold outstanding loans will be monitored every six months. Board discussions of country economic reviews should be made public if governments agree.

The eligibility criteria for the CCL - a fund to help countries facing financial crises - remain unchanged. Countries in the CCL will be monitored on a framework of macroeconomic and structural policies determined by the government rather than detailed targets set by the Fund. The Fund will monitor countries on a six-monthly basis to ensure they remain compliant with the eligibility criteria.

Access to CCL resources in a crisis will be more automatic. Firstly, the IMF has removed the condition that

prior to receiving CCL resources an assessment should be made of the country's compliance with the agreed framework of macro and structural policies. The IMF will, however, assess whether the crisis was caused by poor national policies. Secondly, a large proportion of funding will be made available immediately without conditions, whilst the remainder will be conditioned on a review of macroeconomic policy reforms. The interest rate on CCL loans has also been cut in half.

Rules for accessing EFF funds have been tightened to ensure that only those countries with longer-term problems are eligible and repayment periods have been shortened from ten to seven years.

Repayment periods have also been shortened on Stand-by loans, which must begin to be repaid after two years and should be fully repaid after four. Surcharges have also been introduced on Standby and EFF loans.

Whilst discussions have focussed on the adequacy of lending facilities for middle-income countries, the Bretton Woods Project has raised concerns that no attention has been paid to the needs of the poorest countries, many of which have relatively open capital accounts and frequently suffer financial crises. These countries have structural deficiencies in their financial systems but still need access to short-term finance to address problems caused by unexpected outflows. However, many are constrained by the IMF's own conditionality from borrowing from short-term lending facilities because they are charged at market rates. IMF staff have acknowledged the problem and confirm that they are considering what to do. One option is to subsidize EFF or Standby loans.

www.imf.org/external/np/sec/pn/2000/pn0079.htm

Financial review body formed

A Financial Sector Review Group has been set up to provide the IMF with an independent perspective on its financial sector and capital markets work. The Group consists of central and private bankers with no civil society or academic input. NGOs are concerned that the new advisory group will not tackle the IMF's failure to analyse the impacts of financial and capital account liberalization on poverty reduction. The Group's report is due by the end of the year.

Chad-Cameroon mechanism contested

Civil society groups have provided detailed comments to the World Bank on the proposed International Advisory Group which is supposed to monitor implementation of the Chad-Cameroon Pipeline. The concerns cover the mandate and composition of the proposed Group, which would have an important role overseeing complaints about human rights and environmental problems associated with the oil drilling and pipeline.

● Paul.de.Clerck@milieudedefensie.nl

Online petition calling on the Bank to cease financing of the project:

● www.fidh.org/pdf/rtchcam.pdf

Union complaints on Bank labour standards

The International Federation of Building and Wood Workers' Unions (IFBWW) has been trying to push the World Bank to insert core labour standard clauses into contracts for works under Bank-supported projects. The IFBWW recently wrote to the Bank complaining that its meetings and documents exchanges with the Bank since 1997 have yielded "no real policy developments" and demanding that "the Bank reflect the provisions of the core Conventions of the ILO and Convention Concerning Labour Clauses in Public Contracts in its procurement practices".

● www.ifbww.org

Revision of IMF conditionality guidelines

The focus of the IMF's internal review of IMF conditionality (see previous Updates) has expanded in the light of IMF Horst Köhler's commitment to streamline conditionality and strengthen ownership. The review will now examine the use of conditionality, particularly structural conditionality, more generally, including the role, scope, level of detail, and tools used. Two reports for the Executive Board will be ready by Christmas, these will feed into a revision of the guidelines for IMF conditionality which will be agreed by the Spring Meetings at the end of April 2001.

● tlane@imf.org

Brazilians say “no” to debt and the IMF

In Brazil a national plebiscite on External Debt, held in September, rejected the government’s agreement with the IMF and its commitment to full debt repayment at whatever cost.

More than five million men and women took part in the voluntary plebiscite, organized by civil society, involving 100,000 volunteers from churches, social movements, political parties, professional associations and government bodies.

More than 90 per cent of voters responded “No” to the three questions asked:

- should the Brazilian government maintain the present agreement with the International Monetary Fund?
- should Brazil go on paying the external debt without holding a public audit, as called for by the 1988 Constitution?
- should the federal, state and municipal governments go on using a large part of the public budget to pay the internal debt to speculators?

“The Plebiscite represents a “Yes” to a different model of economy, one of whose fundamental values is to promote life” commented the organizers, who were encouraged at their success in raising public awareness and debate despite attacks from the federal government. “They do not want society to debate these matters, because they know that from the debate alternatives will arise” they added.

“For all its support in the media, business and financial circles, the model will not stand up to controversy in a climate of freely expressed ideas... The Plebiscite made it clear that indebtedness is not a technical matter to be debated exclusively by the theoreticians of economics and finance.” The organizers are now pressing for an Audit of the Debt and an Official Plebiscite.

www.alternex.com.br/~pacs

pacs@ax.apc.org

“I accept that we wrote the programmes, gave the loans and implemented the programmes.

I am not saying that you are wrong [that IMF programmes have not worked and have harmed the poor] but that we are doing something about it. That is why we now have the HIPC Initiative.”

G. E. Gondwe, Director, Africa Department, IMF

Bank proposes World Commission on Mining

Bank president James Wolfensohn surprised NGOs at the annual meetings by suggesting that he would consider establishing a new world commission to look into concerns about the oil, gas and mining industries. Responding to a question from Ricardo Navarro, Chairman of Friends of the Earth International, for a ban on World Bank financing for projects in the extractive industries, Wolfensohn said he was willing to look into a mechanism to “look at the pluses and the minuses, and see if together we can come up with something that will either lead to an exclusion or to an inclusion on certain terms of what we are doing.” Wolfensohn suggested this could be similar to the World Commission on Dams (wcd), the multi-stakeholder body set up two years ago in response to campaigns against the World Bank’s involvement in destructive dam projects. This body, whilst controversial in a number of aspects of its formation and execution, has generated much

interesting material on the impacts of dams, and is likely to endorse a number of approaches that NGOs have been suggesting for some time. Groups will then have to work to ensure that funding agencies, governments and companies accept and implement the proposals.

Strategy discussions have begun to take place between NGOs most closely involved in the oil, gas and mining campaign and others who are veterans of the wcd processes. It does not appear that any new commission will be established in the near future, but many options for clarifying and limiting the World Bank’s aggressive promotion of extractive industries are being considered.

Nelson Mandela will launch the final wcd report in London on 16 November. Regional launches will also be held in Bangkok, New Delhi, New York, Sao Paulo and Cape Town.

www.dams.org/press/pressrelease_63.htm

Nigerian union takes IMF and Bank to court

In October, the Academic Staff Union of Universities (ASUU) asked the High Court in Lagos to declare as illegal, pressures by the World Bank and the International Monetary Fund (IMF) on President Olusegun Obasanjo to implement their economic policies on Nigerians. ASUU is urging the court to declare that:

- World Bank and IMF are not competent to compel the Federal Government of Nigeria to implement their economic policies;

• the interference of the two institutions in the Nigerian economy is illegal and unconstitutional;

• the Nigerian government does not have a mandate to handover the economy to the control of the Bank and IMF; and

• the wholesale planned privatization of the Nigerian Telecommunication Plc and other telecoms companies is illegal and unconstitutional.

No date has been set for the hearing.

Hondurans strike against privatization

In August, thousands of civil servants went on strike for 24 hours in Honduras disrupting education, transport and health services. The strike was called by the Popular Bloc (BP) — comprising workers, farmers and students — to protest at the government’s plans to privatize state-owned companies.

The BP said the strikers were opposing plans by the administration of President Carlos Flores to privatize the electricity, telecommunications and social security sectors to comply with International Monetary Fund requirements.

Bank procedure changes

The World Bank has confirmed that it will tie its Country Assistance Strategies into the Poverty Reduction Strategy Papers by 2001. In the meantime, the Bank will introduce a new Poverty Reduction Support Credit which will be used to support government budgets. Few details have emerged of what this will mean in practice.

The US has instructed the Bank to look at whether it should limit lending to Highly Indebted Poor Countries and provide more grant finance instead.

Russian u-turn on IMF conditionality

In September, Russia reimposed energy sector controls to force Russian oil companies to sell some of their product on the home market, only months after it removed them to comply with IMF conditionality. The government argued that the controls would be temporary and were necessary to prevent energy shortages during the winter.

The IMF said the reimposition could delay new loans. It has only recently resumed lending after loans were suspended in September 1999 because of the lack of progress in economic reforms.

Don’t dictate policy, Turkey tells IMF

In September, Turkish Prime Minister, Bulent Ecevit, told the IMF not to dictate policies after further protests erupted in Istanbul and the southern city of Adana. The IMF is pressing for tighter wage control, tax reform and higher electricity and oil prices.

“It is natural for institutions like the IMF to express their concerns or put forward advice,” commented Ecevit. “But Turkey’s economic, financial and social policies are determined not by international organizations but the Turkish state together with related groups of the society,” he said.

New books and reports

A selection of recent books and reports not mentioned in other articles. These range from short pieces by NGOs to major research publications. Contact/ordering details are included where possible.

Short briefings on World Bank and IMF

A series of NGO briefings on a wide range of policy, project and institutional issues relating to the World Bank and IMF. Commissioned by the Bank Information Center from authors worldwide, at the request of the Central and Eastern European Bankwatch Network.

www.bicusa.org/ptoc
info@bicusa.org

Budgets as if People Mattered: Democratizing Macroeconomic Policies

A UNDP publication recommending ways to ensure citizens groups can inform all aspects of the budget process. Very relevant to discussions about PRSPs.

UNDP country offices
www.undp.org/seped
publications/budgets.doc

Profiling Problem IFC Projects

A series of short case studies of projects backed by the IFC. They raise serious issues about the extent of IFC attempts to introduce development impact analysis and safeguard policies.

www.ciel.org/ifcproblemprojects
csaladin@ciel.org

World Bank and Spanish Aid

The World Bank's role in Spanish foreign aid policy (Spanish language only).

www.intermon.org
html/est_ins_pre_cont.html

Crying out for Change

New study in Voices of the Poor series, synthesizing interviews with over 20,000 poor people in many countries.

www.worldbank.org
poverty/voices

The World Bank Group and the Environment in Europe and Central Asia

Compiled by CEE Bankwatch Network – critical case studies of World Bank and IMF performance in Central and Eastern Europe.

www.bankwatch.org/wb-prague
joseff@bankwatch.org

Dams on Trial: the World Bank and Corruption

Report from Riforma della Banca Mondiale, Italy, detailing the issues in the corruption case on the Lesotho Highlands Water Project.

www.crocevia.org/cbm
riforma-BM@cambio.it

Globalizing Poverty, the World Bank, IMF and WTO

A special report from The Ecologist magazine with leading authors discussing the problems with global economic institutions.

www.theecologist.org/WTO

Global Change and Human Health

A new journal with reviews on globalization, environmental change and health. It aims to strengthen the rapidly emerging research field of the health impact assessment of global changes and provide bridges between scientific communities and practitioners.

www.baltzer.nl/gchh/contents/2000/1-1.asp

Dying for Growth: Global Inequality and the Health of the Poor

Major new book from the Institute for Health and Social Justice analysing the problems with current economic policies and presenting alternative approaches.

www.commoncouragepress.com

Dubious Development

Friends of the Earth report examining private sector lending of the World Bank Group.

adurbin@foe.org
www.foe.org/international/worldbank/ifcrelease

Fuel for Change

Compilation of case studies and analysis from a three year research project in 13 countries assessing World Bank energy lending. Published by Zed Books and Both ENDS.

www.zedbooks.demon.co.uk
Sales@zedbooks.demon.co.uk

Are World Bank and IMF Policies Good for Growth?

Centre for Economic Policy Research critique of the World Bank's controversial Growth is Good for the Poor report.

www.cepr.net

A Makeover for the Bretton Woods Twins?

Heinrich Boll Foundation compilation of responses to the Meltzer Commission proposals for reforming the World Bank and IMF.

www.boell.org
Washington@boell.de

Resistance to IMF

World Development Movement report on protests against IMF policies in poor countries.

www.wdm.org.uk
cambriefs/DEBT/unrest.htm
campaigns@wdm.org.uk

Background to Globalization

A non-technical discussion of the political and economic aspects of globalization.

CED, 3 Suleman Chambers
4 Battery St., Mumbai
400 001, India
www.doccentre.org

IFIs in Balkans

A new monthly newsletter giving NGO perspectives on international financial institutions in the Balkans. It is coordinated by Youth Action for Development and Environment (MARS). Free e-mail subscriptions.

mg@mol.com.mk

IFIs in Indonesia

Monthly newsletter by Down to Earth, the International Campaign for Ecological Justice in Indonesia. English and Indonesian language. Free e-mail subscriptions.

www.gn.apc.org
dte/camp.htm#IFIs
dte@gn.apc.org

Economic reforms in Ghana: Reality & Mirage

Discusses whether Ghana can follow Uganda's approach to economic recovery, whether the comprehensive World Bank/IMF reform programme, based on economic liberalization has worked.

orders@africabookcentre.com

Deeper than Debt

Book by George Ann Potter examining globalization and the perpetuation of inequalities. Accessible for non-specialists and contains action suggestions.

info@globalbookmarketing.co.uk

Poverty Reduction and the World Bank: Progress in 1999

An overview of the status of poverty around the world, the poverty focuses of World Bank activities in fiscal year 1999 and a forward look at the direction of the Bank's poverty work.

www.worldbank.org
poverty/library/progr/1999.

Localization: a Global Manifesto

Analysis of current globalization trends with arguments for reversing them with a concerted campaign to reallocate economics and decision-making.

Colin Hines, Earthscan, 2000.
www.earthscan.co.uk

Network 2002

Monthly newsletter on issues relating to the "Rio+10" Earth Summit due to take place in 2002. Coordinated by UNED-Forum. Available in text and PDF formats.

www.earthsummit2002.org
tmiddleton@earthsummit2002.org

realworldbank.org – feedback wanted

A new collaborative website produced by a team including the Bretton Woods Project – www.realworldbank.org – aims to give NGOs, officials, journalists, students and others easy access to independent information about the World Bank. It emphasizes in particular the Bank's roles as a global think-tank on development. The site will contain categorized links to materials on many existing sites, plus short video clips with alternative experts.

The realworldbank team are looking for feedback on the site's design and content and expressions of interest from groups or individuals wanting to help take this forward.

www.realworldbank.org
realworldbank@eudoramail.com

Pakistan cricket hero calls for IMF protests

In October, 50 supporters of Pakistani cricket hero-turned politician Imran Khan were arrested during a demonstration against the IMF. "They kicked the people like a football," Arif Alvi, leader of Khan's Justice Movement, said. Khan called for demonstrations across the country, saying the IMF and World Bank-led policies were causing instability in developing countries such as Pakistan.

Bolivians appeal for end to conditions

The worsening social and economic crisis in Bolivia, has led to several weeks of riots, according to The Bolivian Foro Jubileo 2000, which appealed to the international community and the Paris Club, which met in October, not to impose any new adjustment conditions. "If the international community by the means of their multilateral organisms imposes further measures in Bolivia like the absolute restriction of budget deficit it will mean less public expenses, more unemployment, even more poverty, more social inequality, more conflicts and even more loss of lives" said Foro Jubileo 2000.

Prague Declaration

Several NGOs from countries including the US, Thailand, the Czech Republic and South Africa released a "Prague Declaration" challenging the right of the IMF and World Bank and those who control them to dictate economic policy, and opposing the undemocratic and elitist character of the institutions and the meetings they hold. The Declaration points to the Bank's own evidence of increasing poverty and calls for a wholly new people-centred economic structure, one which mandates not a single model but many choices for the many peoples of the world.

www.50years.org/s26/prague

Little change in new IMF Indonesian programme

A revised programme agreed between the Indonesian government and the IMF in September has led to few changes. In August, Rizal Ramli, the Indonesian government's new senior economics minister asked the International Monetary Fund to delay its next loan disbursement, to give time for a review of the \$5 billion program. The government wanted the IMF to focus more on macroeconomic issues and less on sectoral issues, such as agricultural and infrastructure development. It was concerned that some of the terms of the current agreement were not appropriate and were destabilizing the Indonesian economy and currency.

The IMF Board in Washington, USA, approved on 7 September the disbursement of another US\$400 million, following the renegotiation of the IMF deal. However, the new Letter of Intent is essentially the same as the one signed by the government on 31 July, except for the stipulation of a ten-point economic programme.

The main changes to the deal include:

- inclusion of Dr. Ramli's ten-point list of economic priorities;
- commitment to increasing borrowing from the World Bank, IMF and Asian Development Bank (the government is seeking US\$1.2bn from IDA, a significant increase from the total US\$1.5bn lent to Indonesia in 2000);
- commitment to reducing fuel and electricity subsidies in October 2000;
- agreement to accelerate privatization of state-owned enterprises;
- the Indonesian Government will abide by the law on foreign exchange management and keep an open capital account, ie not capital controls;
- the World Bank and ADB will now take the lead in the discussions on agriculture issues;
- agreement to ensure sustainable development of natural resources.

"The new deal is also unlikely to bring any optimism to the 50 per cent of Indonesia's population that have an even chance of falling into poverty this year according to the World Bank in Jakarta," commented UK-based NGO, Down to Earth.

The new IMF Agreement is available at:

www.imf.org/external/np/loi/2000/jdn/03/index.htm

Human rights abuses in Indonesia

In a letter to Bank President, James Wolfensohn, the Japanese Network for Indonesian Democracy, called for the Indonesian Consultative Group meeting, scheduled for 17-18th October in Japan, to be postponed until the human rights situation improved. The letter demanded that the meeting be postponed until the Indonesian government fulfils the following conditions:

- quickly disband, militia groups operating in West Timor to allow refugees to return to East Timor and take immediate legal action against those responsible for killing UNHCR staff in Atambua, West Timor;
- immediately stop human rights violations in Aceh and respect the Humanitarian Pause agreed between itself and the Free Aceh Movement (GAM) which started in June;
- the Indonesian government should punish those soldiers involved in inciting conflicts in Maluku and Northern Maluku which started in January 1999, and accept international monitoring groups;
- to disband militia in Irian Jaya or West Papua and instead promote dialogue.

Wolfensohn has written to Indonesian President Abdurrahman Wahid warning that continued financial support may be linked to the success of its efforts to quell militia groups in West Timor.

Indonesian NGOs are concerned that they are not being properly consulted in the Consultative Group for Indonesia CGI process. Revisond Baswir, director of the Institute of Development and Economic Analysis (IDEA), commented in the Jakarta Post, that his organization had boycotted a meeting held on 6 October in preparation for the CGI meeting because it was scheduled without sufficient time and information to allow effective preparation. "We're afraid that the forum is only held to seek legitimacy," he commented.

He also questioned why the loans were necessary, and suggested that the government was being too pessimistic about budget projections and could cut unnecessary budget lines. He suggested that the government's motivation for seeking the loan was to repay foreign debt without drawing down foreign exchange reserves. "That also means that we are burdening our next generations with debt. For whatever reasons, we are piling up debts, which must be repaid some day. We are just gambling our future away," he said.

stop-wb-imf@50years.org

Forthcoming briefings

World Bank economic modelling unmasked

Briefing to expose the problems with the data model still used by the World Bank to produce the influential projections used in every Country Assistance Strategy. The Bank uses a package called the Revised Minimum Standard Model-Extended. This is a huge spreadsheet based on outdated macroeconomic theories, which ignores most major social and environmental issues, is very hard to adapt to different countries experiences and impossible to use as the basis for participatory discussion.

This briefing has been commissioned by the Bretton Woods Project and Globalization Challenge Initiative. It is written by Alia Yousuf, who until recently worked for the World Bank producing their datasets for Bangladesh. Available mid-November.

www.brettonwoodsproject.org/reports

awilks@brettonwoodsproject.org

Capital account liberalization and the poor

This report will consider the linkages between financial and capital account liberalization, the implications for governments' choice of macroeconomic policies and the impacts on poor people. The effects on poverty are assessed in terms of access to credit, impacts on wages and employment and changes in government spending. The report has been commissioned by the Bretton Woods Project and Oxfam GB to be written by Alex Cobham, Oxford University.

Paper available early December. For further info, or to send relevant papers:

awood@brettonwoodsproject.org

Project seeks extra staff member

The Bretton Woods Project is recruiting a new staff member. The post will focus on communications (using the web, e-mail and post) and also involve some research. Familiarity with electronic communications technology and basic knowledge of World Bank and IMF issues essential. Further information about the job, and instructions on how to apply will be posted in early November on:

www.brettonwoodsproject.org/jobs.



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