

World Bank relations with parliamentarians enter new phase

World Bank interactions with parliamentarians have been increasing in recent years. They have now developed further, with a critical French parliamentary report and a major World Bank conference with parliamentarians in London.

The World Bank conference brought together 70 parliamentarians from 35 countries, including many who chair key parliamentary committees. It covered issues including the role of civil society, trade talks, debt relief and corruption. This, the second such conference organized by the Bank, established a new World Bank parliamentarians network. This aims to organize field trips and meetings, and exchange information on selected issues.

The Bank says its main motivations for this initiative are to inform parliamentarians, exchange views and foster reflection on global challenges. Some Bank staff would probably be keen to use the parliamentarians network to counter public criticism, promote its lines on key policy debates and drive a wedge between MPs and NGOs. But the London meeting attracted a range of MPs who are clearly not prepared to become a World Bank fan club. Charity Kaluki Ngilu, a Kenyan MP elected to the network's steering group, described her aims: "MPs can create checks and balances on the activities

of the World Bank so that whatever programmes are put in place are people-centred and bottom-up".

It remains to be seen how the steering group decides to take the network forward, in particular what information will be presented to MPs through the initiative's website and newsletter. One of the Bank's intentions in organizing the meetings was "to inform parliamentarians about the Bank's role in poverty reduction and convey its readiness to share its knowledge resources". Unless balanced with a good feed of independent material, this objective will worry some MPs. For example Yves Tavernier, Rapporteur to the French parliament's *Commission des Finances*, recommended in his recent report that: "the idea of transforming the World Bank into a Knowledge Bank should be opposed".

The *Commission des Finances* report is the culmination of increased French parliamentary scrutiny of the Bank and IMF since the Asia financial crisis. When the French government requested more money for the IMF in 1998 the parliament agreed only on condition that the government report

each year on its activities in the Fund and Bank. The second such official report was produced by the French Treasury last summer. French NGOs led by Agir Ici, which campaigned successfully to make the report public, welcomed its publication but accused it of being too general and failing to analyse key controversial areas such as structural adjustment impacts. Tavernier's report, which was strongly endorsed by the *Commission des Finances* in December, concurred with the NGOs. He noted that "the policies of the IMF and the World Bank are not the only models for development" and that IMF policy recommendations would not be politically acceptable in France. It sets out a number of detailed recommendations.

- the Bank and Fund should limit their missions and respect the roles of UN organizations;
- other ministries, parliamentarians and civil society groups should be involved with the Ministry of Finance in guiding interventions in the institutions;
- a parliamentary delegation to the economic institutions should be created;

- creating systematic coordination of European positions, including enhanced links between parliaments.

Parliamentarians can learn a lot from each other about how best to increase the transparency and accountability of global institutions. For example, some Brazilian parliamentarians, working with NGO network Redes Brasil, have in recent years encouraged the Senate Committee on Economic Affairs to scrutinize public contracts for some external loans. The US Congress has helped secure changes to World Bank procedures, for example on information disclosure. Parliamentary influence can be particularly strong at times when the Bank is requesting more funding for its International Development Association (IDA). Inter-governmental negotiations on IDA are just about to start in earnest, giving an ideal opportunity for MPs to debate the Bank's effectiveness and future strategies. 

See related stories, p.3, p.6

World Bank parliamentarians network

 www.worldbank.org/pnid

Yves Tavernier report to Commission des Finances

 www.assemblee-nationale.fr/2/rap-info/i2801.htm

French Treasury Report

 www.finances.gouv.fr

French CSO analysis

 www.globenet.org/ifi
 agirici@globenet.org

"The PRSP has a paternalistic character, and lacks a vision of development" – page 4

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World Bank to push for more adjustment lending

A draft World Bank report outlining experience with structural adjustment lending proposes that such lending should be increased. The Bank's operational directive on structural adjustment currently suggests it should not comprise more than 25 per cent of total lending, although it has in fact been over 60 per cent in recent years after the Asia crisis.

Many NGOs, and the US government, oppose an increase in adjustment lending because unlike project loans, adjustment/programme loans do not require social and environmental impact assessments. Some NGOs would, however, support a shift to more adjustment lending if ex ante social and environmental impact assessments were made a requirement. The Bank is under pressure from middle income borrowers, in particular, to reduce the costs associated with project preparation by diluting its safeguard policies. Switching to adjustment lending would be an

easy way to do so. The draft report suggests that "...as adjustment lending consists of policy support for country programs based on the CAS [Country Assistance Strategy], use of the finely articulated safeguard and fiduciary rules that govern investment lending would likely not be appropriate."

The draft paper makes little mention of the need for impact assessments before adjustment loans are agreed. It does note, however, that a recent Bank study "finds that less than twenty per cent of a sample of recent loans clearly [targeted] vulnerable groups and linked the

adjustment program to efforts to directly reduce or mitigate poverty". Another review found that "only seven per cent of the adjustment loans surveyed included specific indicators for monitoring social and environmental impacts". The draft report thus argues that "there is significant room for improvement in the treatment of social and environmental issues in adjustment lending". The retrospective is expected to go to the Board in February after further redrafting.

Some NGOs are critical that the paper does not address any of the many criticisms of adjustment pro-

grammes, even those made by Bank staff, such as the Easterly report (see p.3). No mechanisms are proposed for improving the poverty focus of adjustment lending nor how this will be monitored.

The paper is intended to feed into the stalled process for redrafting the Bank's Structural Adjustment Operational Directive (OD8.6). External consultation on the redraft could start in April at the Kampala meeting of participants in the Structural Adjustment and Participatory Review Initiative (SAPRI), and finish by the Annual meetings in late September. NGOs are keen to know how this process will address changes to the Bank's operational procedures needed to implement the rhetoric around the new Poverty Reduction Strategy process and the commitment to achieve the 2015 International Development Targets. ©

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Lack of impact assessments constrains policy choices

Due to a lack of information on impacts associated with adjustment reforms, there is still no discussion of realistic policy choices and trade-offs in Poverty Reduction Strategies, according to an Oxfam International letter sent to the heads of the Bank and Fund in December.

"Inertia" in taking steps to undertake impact assessments means that "PRGF programmes are being agreed that are not different to ESAFs (see Acronym Bust Box, p.3). In addition, although the Bank is developing a PRSC to provide a more coherent poverty focused framework for its lending and operations, it remains unclear to what extent impact assessments will be conducted."

Still no discussion

Oxfam propose that impact assessments be carried out at the national level by governments on their poverty reduction strategies with separate assessments by the Bank and Fund on their own respective programmes. The IFIS' assessments ought to be made publicly available at least six months in advance of annual reviews or loan approvals to ensure that time is available for public discussion.

The Bank may soon begin discussions on ex ante impact assessments but it is not known what outside consultation there will be nor which Bank department will be

responsible. Attention also needs to be given to improving ex post assessments. The Bank's Operations Evaluation Department reviews all completed programmes but these reports are not made public, whilst the IMF does not produce a formal assessment. "While the commitment to do prior analysis of adjustment lending is encouraging" observes Karen Joyner, Christian Aid, "we should not lose sight of the importance of evaluations of actual impacts later on." Open debate around what works will ensure better design of programmes and will give local communities more real issues to discuss, she explains.

Another aspect important to impact assessment and monitoring is whether stakeholders have access to documents which detail the conditions to be imposed on governments in exchange for loans. US, UK and Ghanaian NGOs are circulating a letter calling for an end to World Bank and IMF secrecy regarding structural adjustment conditionality. The letter will be sent to the World Bank and IMF Boards in early April. Groups can co-sign the letter until March 23. ©

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For the conditions letter, contact

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Proposal on environmental impacts of adjustment

World Wide Fund for Nature (WWF) have set out new proposals for assessing the environmental consequences of macro-economic reforms. The proposed Environmental Impact Assessment (EIA) process aims to "ensure that reforms are designed and implemented with full awareness of their consequences, both positive and negative".

Designed to move decisively beyond orthodox models which rely on simple assumptions about prices and economic behaviour, it uses "both quantitative and qualitative tools of economics and political economy to understand the changes reforms will bring".

The EIA teams should include both economists, environmental and social scientists. They should also include participants from government departments, civil society and academia. The team should first conduct a scoping exercise. In the case of agriculture this might trace links between the promotion of exports, expansion of the agricultural frontier, soil degradation and biodiversity loss.

Scoping would be followed by an in-depth assessment. Possible methods for analysing likely impacts include producing balance sheets to outline likely environmental gains and losses. Environmental effects can be ranked according to factors such as probability, significance and

irreversibility. This implies difficult judgements, so alternative options are to use a checklist or matrix which can tabulate impacts without using numbers. Finally the report suggests producing various diagrams which trace causes and effects using boxes and arrows.

The EIA team should suggest ways to reduce environmental impacts and put in place a system to monitor the outcome of reforms according to publicly agreed criteria. This would increase public accountability of the government and of agencies like the World Bank and IMF.

Whilst the tools and concepts are very useful, the report appears to underestimate the bureaucratic, political and analytical hurdles to changing current planning practices. Recent World Bank studies show that only 37 per cent of adjustment loans contained even a paragraph talking about environmental impacts. And the macroeconomic models being developed within the Bank for use in PRSP countries are still very reliant on orthodox economic assumptions. ©

Environmental Impact Assessment for Macroeconomic Reform Programmes
WWF MPO, 2000

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🌐 www.brettonwoodsproject.org/update/18/18a.html#10

New research on African PRSPs

A study for the Strategic Partnership for Africa of eight countries provides a useful summary of experience to date with producing interim PRSPs.

The national context in which a PRSP is prepared is an obvious factor for determining the quality and ownership of a PRSP. Generally the new process has not been regarded as an imposition of new conditionality. Yet some governments have felt that it is unreasonable and inconsistent with the principle of "ownership" for the IFIs to insist on new processes, putting previous efforts to develop poverty strategies aside. This question will be looked at further in phase two of the research.

The report notes that staff who live in borrowing countries have a more consistent position on national ownership than staff on visiting missions. In other countries, staff have given "mixed signals... That is, the same institutions are perceived as talking national ownership on the one hand, while 'talking turkey' with orthodox conditionalities on the other."

Donors have been slow to change their behaviour and "remain a cause for concern". Possible reasons include doubts about the validity and sustainability of the process, continuing competition between donors, doubts about the merits of flexible budget support and a programme approach to poverty focussed aid.

The report finds it extremely hard to assess government commitment to the strategic prioritization of poverty reduction but notes that governments have assigned leadership to senior officials and institutions. Often PRSP/poverty reduction processes are now located in the finance ministry.

Government capacity has been usefully enhanced in some countries by tapping into independent consultancy and academic expertise. "In many cases, the capacity probably does exist to produce a PRSP using nationals of the country."

In more advanced institutional reforms such as in national budget, public-expenditure management, sector programming and policy monitoring systems, the PRSP approach is "more easily accepted". Phase two of the SPA study will examine what impact PRSP preparation is having on the pace and effectiveness of these complimentary reforms.

Participation in the Interim PRSPs has in some cases been less than in earlier efforts to formulate poverty reduction strategies. The paper hypothesizes "that the potential for institutionalization of more participatory and democratic forms aris-

ing from the PRSPs may lie more in the second-round effects, or spin-offs from the initial exercises, than in the immediate results of the consultations conducted." The paper notes that further investigation is needed to ascertain why there is little parliamentary involvement in the processes.

The paper identifies four areas requiring further attention:

- the importance of recognizing that PRSP processes are political;
- the complexity of "national ownership"
- issues around the question of the PRSP timetable; and
- the overarching importance of moderating new policy thinking with realism.

www.spa-psa.org

A new PRSP newsletter is to be produced by the Bank. To subscribe:

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Adjustment lending is "bad news" for poor: Bank study

An internal Bank report has concluded that the poor are better off without structural adjustment. The report, *The Effect of IMF and World Bank Programmes on Poverty*, by William Easterly, finds that World Bank and IMF adjustment lending "means that economic expansions benefit the poor less under structural adjustment. This could be dangerous because it gives the poor less of a stake in overall good economic performance. This might increase the support of the poor for populist experiments at redistributing income", warns Easterly.

The paper does not fully resolve why the poor benefit less from adjustment but speculates that they may be ill-placed to take advantage of new opportunities created by structural adjustment reforms because they have neither the skills or financial resources to benefit from high-technology jobs and cheaper imports. ©

www.imf.org/external/pubs/ft/staff/2000/00-00/e.pdf

Dakar 2000: from resistance to alternatives

In December a meeting of campaigners in Dakar, Senegal assessed Africa's debt crisis and the human effects of structural adjustment. Condemning the neoliberal model, participants—mainly representing the Jubilee movement from Northern and Southern countries—highlighted alternative approaches. The Southern debt activists stressed that:

- *third world debt is illegitimate and must be totally cancelled without conditions;*
- *structural adjustment programmes of the IMF and World Bank, including PRSPs must be rejected;*
- *creditors should not place conditionalities on the debt cancellation process;*
- *ecological aspects of debt should be considered.*

Participants also discussed how to achieve "life without debt" after the Jubilee 2000 campaign. With the failure of the G7, the IMF and the World Bank to accept demands for total cancellation, Jubilee South are planning to build social movements in their countries to get their governments to refuse to pay their illegitimate debts.

The Dakar Manifesto, issued at the conference, favours globalization based on solidarity among people, giving priority to meeting basic human needs. It calls for a review of external borrowing policies, and what loans are used for. When loans are necessary, it calls for greater discussion by parliaments. It also stresses the importance of promoting home-grown solutions to development rather than a "universal model." ©

www.jubileesouth.net

Poverty process acronyms

PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
IPRSP	Interim Poverty Reduction Strategy Paper
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
SAL	Structural Adjustment Loan
SAPRI	Structural Adjustment Participatory Review Initiative
CDF	Comprehensive Development Framework
CAS	Country Assistance Strategy
NSSD	National Strategy for Sustainable Development
ESAF	Enhanced Structural Adjustment Facility
SPA	Strategic Partnership for Africa

For more:

www.devinit.org/glossary.htm#Glossary

www.brettonwoodsproject.org/faq/gloss

www.imf.org/external/np/term/index.asp?index=eng&index_langid=1

Kyrgyzstan land moratorium lifted

The five-year moratorium on the sale and purchase of land in Kyrgyzstan will be lifted. It was one of the conditions set down by a recent IMF mission for resuming loans to the country.

But at the same time, President Askar Akaev stipulated in an address to parliament in December that restrictions are needed to preclude the purchase of land by foreign citizens and companies and to impose a tax that would prevent the emergence of rich landowners. Only persons who have lived in rural areas for a minimum of two years will be eligible to buy land, but there are concerns about how impoverished farmers would manage to do so.

Bank strategy on governance

The World Bank has published a new strategy on governance. It recognizes that the Bank's record is weak in this area and that reforming public institutions is technically and politically complex. The paper outlines the new types of governance work the Bank is engaged in. For example not directly supplying infrastructure or services but "helping build institutions to encourage public and private actors to provide services". The report proposes new survey techniques and studies, new staff and continued discussions with outsiders.

Reforming Public Institutions and Strengthening Governance, World Bank, 2000

www.worldbank.org/publicsector

G24 report on IFI governance agendas

The Group of 24 Southern countries published a research paper on 'Governance-related conditionalities of the International Financial Institutions'. It questions whether the IFIs have the mandate, the comparative advantage and the competency to justify imposing governance-related conditionalities. It raises concerns that IMF and World Bank country strategy papers are often full of faddish ideas, not realistic priorities. The failure to acknowledge external factors including lack of transparency at the institutions themselves will be major barriers to improvement.

www.g24.org/publicat.htm

www.brettonwoodsproject.org/briefings/wdr/wbs/pdf.html

Language a barrier in Cambodia PRSP

Insufficient time and a failure to write documents in the national language limited the opportunity for NGO involvement in Cambodia's Poverty Reduction Strategy Paper (PRSP) process, according to the NGO Forum on Cambodia, which includes local and international NGOs.

The NGOs received support from the UNDP to hire a consultant, which "was successful in giving ownership to NGOs in the process of building NGO and civil society consensus," remarked Russell Peterson of the NGO Forum, speaking at a meeting in November 2000. Peterson commented, however, that the technical support was received too late and that "there has been insufficient contact between government and NGOs to date."

Serious questions

All drafts of the Interim PRSP (IPRSP) up to the eighth and final draft were written in English. A Khmer translation of the final draft prepared for the Council of Ministers had not yet been released to NGOs. "This raises serious questions about country ownership of the IPRSP. The choice of language can exclude important government decision-makers, limit civil society participation, impose foreign ways of thinking, and give foreign donors an inordinate amount of power to influence the final outcome," said Peterson. "We found that Cambodians only began to be fully included in the discussions and debates of the NGO Forum when Khmer was made the main language of discourse. A truly country-owned PRSP process would entail drafting the document solely in Khmer, discussions between government and civil society solely

in Khmer, and with the donors (not the Cambodians) puzzling over the meaning of the translation and the strange concepts used."

Peterson identified several areas for action in order to achieve a "truly consultative" process:

- *representatives of diverse sectors of civil society—not just NGOs—should be included;*
- *full information disclosure should take place prior to the consultation;*
- *draft documents should be made readily available, in Khmer language, and with sufficient time for comment;*
- *the recommendations made by CSOs should be included in a publicly available formal record of the proceedings of any consultation;*
- *the government should be given adequate time and resources to consider and, where appropriate, integrate the ideas and contributions of civil society into the strategy.*

For the NGO/CSO report for the PRSP

📧 go.to/ngoforum

Local leaders criticize Nicaragua's Interim PRSP

The IMF has approved Nicaragua's plans to fight poverty despite criticisms from local leaders. The decision will release \$26.1 million of IMF loans as part of a three-year \$138.3 million economic programme signed in March 1998. "In completing the full PRSP, it will be important to intensify the consultations with civil society, strengthen the underlying macroeconomic framework and further prioritize expenditure," said IMF Deputy Managing Director Eduardo Aninat.

Local leaders are critical that participatory local processes have been ignored by the government. Last year, a local PRSP was developed by four rural municipalities in the northern part of the León region, with broad participation of democratically elected community leaders and representatives of local organizations. The local governments led the process, facilitated by the Danish NGO Ibis, which included several public workshops and was approved by a gathering of more than 160 community leaders and representatives of the four municipalities.

This analysis has not, however, been integrated into the process for producing the national Interim PRSP. The local government leaders sent a letter to James Wolfensohn, World Bank president, in December, raising concerns about the lack of municipal and NGO participation in the development of the Interim PRSP. The PRSP process is supposed to take place in collaboration with the Economic and Social Planning Council, CONPES, whose membership is decided by the government. "The government has not considered the amendments proposed by members of CONPES. The latest draft of the interim PRSP was developed by the Technical Secretariat of the Presidency, SETEC, in cooperation with World Bank employees. It was written in English and sent directly to Washington bypassing CONPES and not made public until weeks later" notes the letter.

"We agree with the high priority of fighting poverty," remark the leaders, "nevertheless we are concerned because the content of the Nicaraguan interim PRSP is in our opinion nothing more than a continuation of traditional structural adjustment programmes, endowed with social funds, guaranteed by the PRGF. In other words the interim PRSP has a paternalistic character, and lacks a vision of development which in the long term could liberate Nicaragua from a dependence on foreign aid and indebtedness." ☺

For a copy of the letter and the PRSP
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For the Interim PRSP

📧 www.imf.org/external/np/prsp/2000/nic/01/index

World Bank gives grants to Palestine

The World Bank has provided US\$12m in grants to Palestine to help offset the effects of the economic crisis caused by the Israeli blockade. The World Bank director for Palestine, Joseph Saba, described the action as "highly unusual" because the bank usually provides loans rather than grants. "However, the severe economic shock affecting the Palestinian economy calls for a rapid response that should not

impose further burdens on the Palestinian Authority," Saba said.

Unemployment is running at 40 per cent and poverty rates were projected to reach 32 per cent by the end of 2000.

Commentators have questioned why other countries facing high rates of unemployment and underemployment and poverty should not also receive grants to prevent "further burdens." ☺

Kenya faces new aid embargo

In January the IMF and World Bank threatened to cut off Kenya from more than \$450 million in aid as a result of a parliamentary bill on interest rate controls. The Bank was also concerned by a bill that could halt efforts to reform the country's civil service. Two other bills expected in the Kenyan parliament seek to introduce price controls on petroleum products and abolish fuel and foreign-exchange adjustment levies on electricity bills. If the donors punish the Kenyan government, key poverty alleviation programs in the country might be derailed.

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Bolivian development processes

A new paper examines the different development framework processes in Bolivia and how they interrelate. The country has been a pilot country for a range of donor strategies, including the Comprehensive Development Framework, PRSP and National Strategy for Sustainable Development. It finds that the relationship between the initiatives is confused and says certain key documents are not available to civil society.

Bolivia's National Dialogue 2000—national development strategies, international donor initiatives and civil society participation, Mary Painter, WWF-UK, 2000

📧 www.nssd.net

IMF critical of Indonesian decentralization

The IMF is critical of the Indonesian's government's decentralization plans, which it believes could lead to excessive borrowing by regional governments. The government is in talks with the IMF to find ways to implement its new regional autonomy law. The IMF, apparently frustrated by the political situation and the slow pace of reforms, has withheld a loan installment of US\$440m. Local media report that Indonesian President Abdurrahman Wahid said that the IMF "must learn the art of compromise".

See IFIs Update, Down To Earth

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Critiquing social capital

This book by Ben Fine, Professor of Economics at SOAS, London, comprehensively critiques the theory and application of the concept of social capital. This term is now used to discuss a vast range of issues and is often linked to discussions of civil society. Social capital featured prominently in the Poverty World Development Report's "empowerment" sections. Fine argues that social capital is part of the attempt by World Bank social theorists to become taken seriously by Bank economists. But social capital "compromises with established doctrines, whilst absorbing and neutralizing more radical and coherent alternatives".

Social Capital Versus Social Theory
Ben Fine, Routledge, 2001

Is capital account liberalization good for the poor?

Experts gathered in Oxford in January to discuss the linkages between capital account liberalization (CAL) and poverty reduction at a meeting organized by Bretton Woods Project and Oxfam-GB and sponsored by the UK's Department for International Development (DFID).

Focussing on periods of capital inflow, participants from NGOs, academia and the international institutions discussed whether CAL actually was necessary to attract new capital and how it could be directed to pro-poor sectors and industries. In periods of rapid outflow, the participants noted that whilst the poor were hit less hard they were less able to recover from crises. Participants suggested that there may be an asymmetric impact of CAL with the rich benefiting more in good times and the poor suffering more in bad.

Participants concluded that there was a dearth of evidence on the linkages and that a priority should be to undertake country level case studies. Several questions were highlighted for further research:

- What are the mechanisms through which the poor might gain or lose from international financial integration?
- Who gains and loses over the course of

financial cycles, and is there evidence that the poor benefit less than proportionately during booms and lose more than proportionately during recessions?

- To the extent that international financial liberalization leads to capital inflows, what are the consequences of these flows for wages and employment, especially in those regions and sectors where the poor live and work?
- What are the consequences for fiscal policy of open international financial markets, especially in terms of how expenditures are financed?
- What if anything do we know about the consequences of financial openness for the poorest countries in the world which now attract almost no private capital flows?
- Does the "policy discipline" imposed by financial openness weaken the government's ability to have pro-poor fiscal policies?
- What are the implications of the answers of each of these questions for policy?

Rachel Turner, DFID, commented, "Although we seem to be in a bit of

a policy and empirical vacuum at the moment, it seems to me that the next couple of years are going to be very important for seeing an improvement in the quality of the analysis of some of these impacts and certainly I think that there are expectations for the Fund and Fund programmes. A lot of us are going to be looking for some of these questions to be opened up."

In January at the Asia-Europe Meeting (ASEM) in Japan, Horst Kohler, IMF Managing Director commented that, "Given the mixed experience to date, I do see a need for further research and analysis." However, whilst still arguing that "...the benefits of carefully prepared integration into the global financial system outweigh the risks" he warned that "...we should also draw a lesson from the recent crises in emerging markets that in some cases, there was clearly overly-rapid capital account liberalization." In the coming months, the IMF staff will be reviewing liberalization experiences in a number of countries in order to begin distilling more detailed, practical suggestions on sequencing. It is not yet known whether these studies will examine poverty impacts. ©

A transcript of the meeting will soon be available at

www.brettonwoodsproject.org

www.imf.org/external/np/speeches/2001/011301

G8 summit to include NGO inputs

The next G8 summit will take place in Genoa, Italy in July 2001. The Italian Presidency of the G8 has announced four priority areas for the summit:

- global public goods;
- democratization of governance;
- poverty reduction beyond debt relief;
- global financial architecture.

Specific topics likely to receive attention include a relaunch of trade talks, an international program against HIV/AIDS, the digital divide and a review of the roles of the G8, World Bank, IMF and WTO.

The Italian government is keen to ensure some NGO involvement in summit preparations and has launched a Genoa Non Governmental Initiative run by research institutions and NGO representatives. Four working groups will facilitate input from international NGOs on:

- poverty reduction strategies
- finance for development and debt relief
- international governance and WTO reform
- environment.

Italian NGO networks will also organize a public forum on 20 July. ©

www.genoa-g8.it

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Why officials and NGOs disagree on poverty analysis

Ravi Kanbur, who resigned as lead author of the World Bank's Poverty World Development Report last May, has produced a paper on the disagreements which surround debates on poverty. The reflections are based on Kanbur's worldwide consultations during the 18 months that he was in charge of the WDR process. The paper discusses the gulf between how officials and NGOs understand poverty.

Kanbur, now back at Cornell University, lists the following major disagreements on economic policy: "the pace and sequencing of fiscal adjustment, monetary and interest rate policy, exchange rate regimes, trade and openness, internal and external financial liberalization including deregulation of capital flows, and the scale and methods of large scale privatization of state owned enterprises".

He depicts two stylized groups. Group A contains people who work in finance ministries, many eco-

nomics analysts and academics (particularly those trained in the Anglo-Saxon tradition), economic policy managers and operational managers in the development banks as well as the financial press. Group B includes analysts and advocates in NGOs, people in some of the UN specialized agencies, aid ministries in the North and social sector ministries in the South and non-economist researchers.

Kanbur points to differences in perspective and framework on three key features which affect assessments of the consequences of economic policy. These features are market structure, aggregation and time horizon. Group A tends to view markets as neutral instruments, while Group B finds them riddled with power relations and therefore often failing to benefit the poor.

Group A also tends to view the consequences of economic policy in highly aggregated terms. Many in Group B mistrust poverty analyses

which argue that the proportion of people living below the poverty line has fallen. The paper gives the example of the Ghana Living Standards Survey. The headline poverty ratios produced from such surveys often fail to capture the value of public services. So, for example: "if the bus service is cancelled, the health post runs out of drugs, or the teacher does not turn up to teach, it will not show up", leading to a gulf in what is observed by people on the ground and what is understood by officials who only read surveys. National poverty count statistics also often hide wide variations in outcomes for different regions or population groups.

Group A typically adopts a medium term perspective while Group B is more focussed on the short run and the very long run. Group A mainly addresses the five to ten year consequences of policies, while Group B is worried about short term consequences of economic policy which can drive a fam-

ily into starvation, or to pull children out of school. Group B members are also often concerned whether economic growth can be sustained in the long-term given current rates of resource depletion and the earth's limited carrying capacity. Group A tends, in contrast to be technologically optimistic

This non-technical 15-page paper will make interesting reading for many people working on poverty. Whether the gulf between camps A and B can be bridged will partly depend on whether Group A members can move beyond their negotiating rather than listening mindset. Kanbur finds that: "especially among some parts of the IFIs and the G7 Treasuries the tendency is for the policy messaging—for example on trade and openness—to be sharp and hard, for fear that to do otherwise would be read as a sign of weakness by 'the other side'". ©

Economic Policy, Distribution and Poverty: The Nature of Disagreements
Ravi Kanbur, December 2000.

www.people.cornell.edu/pages/sk145/

UK government launches globalization strategy

The UK white paper on globalization—endorsed by the entire UK Government—was published in December. The report contains some useful recommendations, but promises few specific actions. In a submission to the International Development Committee, Forest People's Programme commented that "our overall impression of the white paper is that it is strong analytically in identifying the obstacles to effective poverty reduction, but either weak or vague regarding concrete strategies.

The paper identifies foreign private capital flows as "an essential element of a strategy to speed up sustainable development and poverty reduction", although it notes that only a small proportion of these flows are invested in activities which benefit the poor. The paper observes that, "It is essential therefore that reforms to attract financial flows be complemented by other reforms. The paper suggests that "road maps" should be produced to guide countries on the speed of capital account liberalization and associated reforms. It is not clear what these will include or who will produce them. To take forward work on codes and standards in developing countries, the government will establish a new technical assistance facility.

Whilst noting that "IMF programmes should take better account of their impact on the lives of the poor", the paper says the UK government does "not agree with those who argue that the IMF's role in low income countries should pass to the Bank", and "we also believe that there is an important role for IMF medium-term lending in middle income countries in order to tackle deep-rooted structural reform."

The government has committed to link its bilateral Country Strategy Papers to the Poverty Reduction Strategy Papers, and "will continue to encourage the World Bank and IMF to make the necessary changes to their own structures and working methods in a way consistent with their commitment to the PRS process."

Acknowledging that environmental degradation can harm long-term development prospects, the paper observes that, "it is important that [Poverty Reduction Strategies] are sustainable and integrate environmental concerns. The World Bank needs to strengthen its capacity to take account of sustainable development in supporting poverty reduction strategies. And the IMF must be aware of these linkages in designing their programme."

The Global Environment Facility is identified as a good example of cooperation on international development. The paper proposes a 50 per cent increase in GEF resources.

Finally the paper suggests a number of reforms to give developing countries a more "effective voice" in international institutions, including:

- the IMF should make more effort to share analysis and build capacity for dialogue with developing countries;
- the relationship between the Multilateral Development Banks' boards and managements should be improved;
- there should be open and competitive processes for selecting heads of the IFIs.

www.globalisation.gov.uk

The Forest Peoples Programme submission

info@fppwrm.gn.apc.org

A summary of NGO responses is at

www.bond.org.uk/advocacy/

Davos and "anti-Davos"

The World Economic Forum, held 25-28 January 2001, saw many of the world's business and political leaders convene in Davos, Switzerland. The Forum, renowned as a meeting where behind-the-scenes deals are struck, said it wanted to "move to a more active role as a catalyst for the global agenda".

An international NGO coalition also held a "Public Eye on Davos" meeting to challenge the World Economic Forum. "NGOs will no longer accept a private body funded by 2000 large corporations to draw up road maps for

NGOs will continue to challenge corporate road-shows like the WEF

Jolanda Piniel, Berne Declaration

the global future," commented Peter Bosshard of Swiss advocacy group, the Berne Declaration. "And we object to government officials and international organizations discussing issues behind closed doors."

The World Social Forum convened simultaneously in Porto Alegre, Brazil under the theme "The World is Not a Market". It brought together representatives from 122 countries, including trade union leaders, politicians, community leaders, youth and indigenous activists. The Brazil meeting also included a World Parliamentary Forum which brought together parliamentarians to discuss a range of topics such as market deregulation, indebtedness and speculative financial transactions.

www.davos2001.ch

davos@evb.ch

www.forumsocialmundial.org.br

UK parliament scrutinizes IMF

In January the UK Treasury released its second Annual Report to Parliament on the Activities of the IMF. Bretton Woods Project welcomed the report, which summarizes the UK's priorities and major policy discussions in the IMF, but suggested several areas for improvement. These include:

- providing references to other Treasury policy and research papers;
- clearly state the UK's position on all key Board decisions;
- outline the UK's priorities for the next year and a time-line for advancing them;
- summarize the views of stakeholders outside the IMF decision making process and point to sources where alternative analysis and information can be obtained;
- summarize what input has been sought from sources outside the Treasury, eg, Southern governments, academics, NGOs and the private sector, into UK policy formulation processes.
- demonstrate how the Treasury is collaborating with other government departments, such as DFID, to ensure consistency;

The Treasury Committee later heard evidence from Stephen Pickford, UK WB and IMF Executive Director, on the IMF's work and future agenda in January. The discussions and submissions to the committee from the Bretton Woods Project and other NGOs made will soon be available on the web.

www.parliament.uk/commons/selcom/treahome.htm

www.hm-treasury.gov.uk/pdf/2001/imf_2201.pdf

www.brettonwoodsproject.org

Protests against Bank meeting in India

On 17 January 150 people were arrested in Bhopal while marching against World Bank and Asian Development Bank policies. The Banks had convened for a Development Forum meeting organized by the Madhya Pradesh government. British Development Minister Clare Short was also present. The Jan Sangarsh Morcha (forum of Madhya Pradesh people's organizations) wrote to her opposing "the anti-people policies, projects and processes that are sought to be thrust on the people of this state and indeed this country, at the behest of the multilateral institutions, but which most often reflect the interests of global corporations".

Earth Summit 2002 —A New Deal

A new book with ideas, experiences and expectations in preparation for next year's World Summit on Sustainable Development, Johannesburg. The book offers analysis on critical sustainable development issues and examines the reasons for slow progress so far in addressing many issues. Chapters are contributed from representatives of government, the UN, trade unions and NGOs. The book's final section is on Reforming International Institutions.

Earth Summit 2002—A New Deal, UNED Forum, 2000.

gledivellec@earthsummit2002.org
www.earthsummit2002.org/PressRelease/pb2.htm

New report on global warming

Scientists from 99 nations issued a report in late January that predicted severe climate change. Robert Watson, chairman of the Intergovernmental Panel on Climate Change and chief science adviser to the World Bank said "the poor in developing countries will be the most affected" mainly through droughts and other disasters. In the most extreme projections the report said melting polar ice could raise sea levels by up to three meters over the next 1,000 years. The report is the most authoritative evidence yet to warn that air pollution threatens to drastically shift weather patterns.

Climate Change 2001: The Scientific Basis
www.ipcc.ch

Pesticide companies chat with World Bank

A closed-door meeting between CEOs of leading pesticide/biotech companies and World Bank President James Wolfensohn in early December received strong opposition from Pesticide Action Network North America and 14 other NGOs. NGOs criticized the Bank's decision to exclude public observers and to explore partnership opportunities with companies which have notoriously poor track records on environmental issues.

Jessica Hamburger, Pesticide Action Network
jah@panna.org

Agricultural Science & Technology Roundtable with the Private Sector

wbln0018.worldbank.org/essd/essd.nsf/rural+development/portal

Bank forest policy process clash

In early January a meeting was held in Washington to discuss the latest World Bank forest strategy. The meeting was of the Technical Advisory Group (TAG), a body which includes representatives of NGOs, governments and research institutes, to conduct in-depth discussion of what the new forest strategy and policy should contain. TAG members set out a number of concerns with the process and with the content of the documentation.

A letter sent after the meeting to the World Bank and the World Conservation Union (IUCN)—contracted by the Bank to facilitate consultations around this process—condemned “a failure of transparency” in the review process. It pointed out that the Bank had gone back on its assurance that the draft strategy document “will be widely disseminated and discussed with key stakeholders”. Apparently because of difficult internal discussions the Bank decided not to make the draft documents available. Even TAG members were sent them only late on Christmas Eve, leaving just a

few days at the beginning of January to discuss them.

The letter and other interventions appeared to have rapid results: the materials were posted on the Bank’s website and it was announced that external comments would be accepted until 15 February. These comments will then be fed into the final documentation which goes to the Bank’s Operations Policy Committee and then Board in March and April. Forest Peoples’ Programme (a TAG member) is encouraging groups to take advantage of this opportunity.

The Bank’s new policy framework has some good analysis and suggestions, for example, to assess the negative impacts of some structural adjustment loans on forests. However the proposals for dealing with these are widely seen as inadequate. Among identified concerns are:

- a lack of budgets to carry out studies on forests, and no detailed language on what the new operational policy will contain;
- a lack of clarity about how to do prior impact assessments for adjustment operations;
- a failure to confront the Bank’s incentives which prioritize loan volume over loan quality;
- the unworkable concept of demarcating “High Conservation Value Forests”;

The World Bank’s resettlement policy recently suffered from a similar breakdown in the agreed process. The Bank again promised that it would make available “a summary of the comments received, the

actions taken in light of the comments, and the reasons for taking these actions”. This did not materialize in time for two Bank Board discussions of the proposed new policy, prompting letters of complaint from the Forest Peoples’ Programme and the Center for International Environmental Law.

Because of these recent process breakdowns, and signs that the Bank is trying to claim that safeguard policies are too expensive to implement, FPP and others have taken action. A letter has been prepared stressing that strong, unambiguous and mandatory safeguard policies are the only mechanism available to citizens and project beneficiaries to hold the World Bank and its clients accountable for their operations. ©

● info@fppwrm.gn.apc.org

🌐 www.forestpeoples.org

🌐 wbln0018.worldbank.org/essd/forestpol-e.nsf/mainview

Banking on Knowledge

A new book examines the World Bank’s reinvention as a “knowledge Bank” in the context of think tanks, NGOs and others trying to influence policies. Different views on knowledge production, dissemination and use in the global electronic information age are set out as a backdrop to a detailed analysis of the Global Development Network (GDN).

The GDN is a new World Bank initiative, mainly for think-tanks, which aims to encourage more research and knowledge-sharing by and between researchers based in the South. This will be achieved through a major annual conference, research

projects and competitions, funding, data sharing, exchange programmes, etc. It has been established, housed and financed by the World Bank but is now moving to become an independent organization.

Banking on Knowledge editor Diane Stone discusses different networks of policy communities and advocacy coalitions and cautions that: “within the GDN, powerful political, managerial and professional interests need to be managed and negotiated”. Other contributing authors outline concerns and accusations that have been levelled at the nascent GDN, most notably that its

understanding of development is too dominated by economics or is too apolitical. Knut G Nustad and Ole J Sending, for example centre their chapter on the tricky question of “the political implications inherent in defining certain propositions as ‘knowledge’, as knowledge is often used to legitimize and rationalize certain positions”. All these topics were widely discussed at the late November GDN annual meeting in Japan, details of which can be found on the GDN website. ©

Banking on Knowledge, the Genesis of the Global Development Network
Diane Stone (Ed.), Routledge, 2000.

🌐 www.gdnet.org

● info@gdnet.org

🌐 www.realworldbank.org

Bank net Gateway latest

The World Bank’s Global Development Gateway is proceeding gradually. Despite much criticism of the initiative’s scope and approach the Bank appears to be moving ahead as originally planned. The few changes adopted are mostly marginal, such as cutting one word from the project’s title, making it simply the ‘Development Gateway’. The Gateway will still claim to provide “quality” analysis based on all stakeholders’ views on virtually all development topics. There is still no clarity on governance arrangements for the Gateway, and it looks anyway as if these will be established too late to have any real bearing on the Gateway’s scope and approach.

Meanwhile Bank Board discussions on the issue have been postponed because the Bank now plans to set the Gateway initiative in the context of a bigger scheme, the digital alliance. This appears to be a fund-raising mechanism for international institutions to respond to the ‘digital divide’. A new ILO study which notes that only five per cent of the world’s population uses the Internet and 88 per cent of these users live in industrialized countries. ©

Economic Justice News Gateway article

🌐 www.50years.org/ejn/v3n4/wb.html

John Garisson, Gateway civil society officer

● Jgarisson@worldbank.org

New Freshwater Action Network

A new network has been launched to support NGO advocacy around freshwater issues. This Freshwater Action Network will initially focus on preparations for various international meetings, including the International Freshwater Conference (Bonn 2001) and the World Summit on Sustainable Development, 2002. It will also promote improved policy and campaigning co-operation between NGOs from different sectors and regions by circulating information on international policy processes.

Danielle Morley, Freshwater Action Network
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London, SE1 7UB, UK

● daniellemorley@wateraid.org.uk

No more lending without forestry reforms

In January, local and international NGOs wrote to the World Bank demanding actions to achieve genuine forest reform in Papua New Guinea (PNG). The World Bank is poised to consider whether it should release the second portion of its Structural Adjustment Loan to PNG and whether it should approve a forest sector loan. These pose an important test for whether the Bank will fulfil its own policies and use funds provided by its member nations and their citizens in a responsible way.

For a copy of the letter:

● lafcadio.cortesi@sfo.greenpeace.org

Loans for El Salvador emergency

The World Bank was accused of “behaving like vultures, like loan sharks” by US NGO 50 Years is Enough Campaign after it offered to help finance emergency relief efforts in El Salvador in the wake of January’s earthquake. The group was complaining about the use of hard currency loans for this purpose. Under its current programme for El Salvador, the World Bank has earmarked US\$375m in loans for ongoing projects. Damage estimates are about US\$1bn. IMF staff are also in discussions with the government about a possible standby programme.

Health policy attacked

The People's Health Conference 2000 criticized the World Bank's health policies for being "anti-Third World". The meeting, held in Bangladesh 4-8 December, was attended by 3000 mainly non-governmental organizations from 95 countries. Delegates called for "justice, not charity" in response to cuts in government expenditure on health and education as a result of debt servicing and the globalization process. Charles Mutasa, Zimbabwe, said disease specific interventions, such as World Bank spending on TB or leprosy, won't be enough as long as the debt trap remains.

Richard Lee Skolnik, the World Bank's regional director for health, nutrition and population responded that the organization's health pol-

icy is to "overcome and address inadequate access and low quality of health services." He also said that the World Bank is the largest financier of malnutrition programmes, particularly in South Asia.

The meeting stressed the unfulfilled promise of Health for All by 2000, calling on governments to renew the pledge and on people to press for their right to health. The People's Health Charter was finalized at the conference to provide action indicators. NGOs can endorse the Charter on the website. ©

www.pha2000.org

There will be a European follow-up meeting on 4 April in London. Contact Mike Rowson

mikerowson@medact.org

Indian power sector employees protest privatization

More than a million electricity workers protested for a day in December against a proposed bill that follows "World Bank prescriptions" to privatize the power sector in India. According to B S Meel, general secretary of the Electricity Employees Federation of India, the bill does not take into account 37 per cent of the population who are without electricity. Neither does it protect industry and agriculture from high commercial tariffs charged by the independent power producers.

Since the privatization process started in Orissa state in 1995, the Government of India has worked with the World Bank to remove government from operation of the power sector. The reforms involve estab-

lishing an independent regulatory framework for the sector, reducing subsidies, introducing cost-recovery based tariffs and selling distribution assets to private operators.

Prayas, an Indian NGO working on energy policy issues, calls for caution in the rapid privatization process proposed by the World Bank. It claims the process will primarily serve powerful vested interests, as there are weak legal provisions regarding transparency and direct public accountability. They also say regulatory agencies will have to be transparent in their functioning, accountable not only to "economic" actors but also to the public. ©

www.prayas-pune.org

New annual World Bank Civil Society Forum

A new World Bank-Civil Society Forum will be held each year. This results from a decision taken at the December NGO World Bank Committee meeting. The Committee, established in the 1980s as a channel for dialogue between NGOs and the Bank agreed that its annual meeting in Washington will be replaced by a larger annual Forum. This will convene about 100 representatives of NGOs, trade unions, community organizations, religious groups etc with expertise relevant to the topic chosen for that year. Each year's forum will be decided and organized by a "Joint Facilitation Committee" which will be formed in collaboration with the NGO World Bank Working Group

(wbwg) and other networks between now and June. The first Forum will be held later in the year.

The changes in the wbwg's role are partly in recognition that ever more organizations are engaged in discussions with the World Bank on a wide range of topics making it unclear why Working Group members should obtain privileged access to top-ranking Bank officials. The wbwg will continue to work on participation and capacity-building with the Bank and to facilitate regional and country consultations with the Bank. ©

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www.worldbank.org/ngos

wreuben@worldbank.org

Calendar of selected events

● The UK

January-April 2001

Financing for Development: Are the UN proposals the answer? Discussion meetings at the Overseas Development Institute to prepare for the UN High-Level International Intergovernmental Event on Financing for Development

www.odi.org.uk

February

24 Globalization and World Poverty, War on Want, University of Westminster

www.waronwant.org

stibbett@waronwant.org

26 Child poverty initiative

william.price@hm-treasury.gsi.gov.uk

March

5-8 Human Rights and the Alleviation of Poverty, Wilton Park

www.wiltonpark.org.uk/conferences

26-28 Prospects for the Global Economy and its Governance, Wilton Park

30-31 Development policy in Africa: public and private perspectives, Centre for the Study of African Economies, Keble College, Oxford

www.csae.ox.ac.uk

● Globally

January-February

29-2 Third international meeting of economists on globalization and development, Cuba,

anec@info.get.cma.net

5 World Commission on Dams Forum, Cape Town, South Africa

www.dams.org

5-9 Asia and Pacific Forum on Poverty, Manila

www.adb.org/Poverty/Forum

5-9 21st Session of the UNEP Governing Council, Nairobi, Kenya

www.unep.org

8-9 Parliamentarians - II

EuroMed Parliamentary Forum

www.europarl.eu-int/conferences/euromed/default-en.htm

12-19 Tenth session of the United Nations Conference on Trade and Development, Bangkok

www.uncad-10.org/welcome.htm

13-23 Commission for Social Development, New York, USA

www.un.org/esa/socdev/csd/2001.htm

March

15-17 World Economic Forum China Business Summit 2001, Beijing, China

IDB Annual meetings, Santiago, Chile,

www.iadb.org/exr/am2001/index.htm

26-30 Commission on Population and Development, Geneva, Switzerland

April

20-22 Third Summit of the Americas

Quebec City, Canada

www.americascanada.org/menu-e.asp

29-30 Spring Meetings of the World Bank and IMF, Washington, USA

May

14-20 Third United Nations Conference on the Least Developed Countries

July

15-22 International week of actions on debt

jubileesouth@skynet.net

15-22 G8 Summit, Italy, Genoa, Italy

www.genoa-g8.it

September-October

28-4 Autumn meetings of the World Bank and IMF

Other useful calendars

www.un.org/events/index.html

www.globenet.org/aitec/calendrier

www.oneworld.net/diary/index.html

www.worldbank.org/html/extdr/extcs/agenda.htm

New Project member

The Bretton Woods Project has been joined by a new Communications and Research Officer, Charlotte Carlsson. Charlotte has a wide range of communications qualifications, and experience in different organizations, for example working in Brussels producing newsletter and information materials about the European Social Fund. Her previous job was as Information Officer for CIET International (Community Information, Empowerment and Transparency), an international group working with NGOs and researchers to build the community voice into planning - see www.ciet.org.

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