A DIGEST OF INFORMATION AND ACTION ON THE WORLD BANK AND IMF

Africans query World Bank, IMF governance mantra

A week-long "listening tour" brought World Bank President James Wolfensohn and IMF Managing Director Horst Köhler to Mali and Tanzania to meet 22 African leaders in February. Others like the Tanzania Gender Networking Programme questioned who the leaders came to listen to, and what they expected to hear from Heads of State who are financially dependent on their institutions.

A recurring theme was good governance—the importance of the rule of law and strengthened links between government and the governed. Yet, ironically, the efforts to listen to civil society groups directly were minimal. A meeting with Tanzanian civil society and the heads of IMF and World Bank was cut short so the the officials could leave for the Ngorongoro Crater Area tourist and wildlife parks.

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Crater Area tourist and wildlife parks. "The whole exercise calls into question the meaning of participation and consultation from the perspective of the international financial institutions and their client governments," says Prof. Majorie Mbilinyi, a member of the Tanzania Gender Networking Programme. "The arrogance portrayed by leaders of institutions and nations is symptomatic of the gap between them and the people they rule."

The World Bank says it has recently shifted towards an "explicit emphasis on poverty reduction and the quality of governance" in Africa. The extent and meaning of this shift are debated, however. The Bank prioritises creating a stable environment for foreign investment, while Tanzanian and Malian NGO networks emphasise the democratic deficits in their countries and the high social costs of privatising basic services.

Whilst there is clearly debate about appropriate policies for Africa, a new Bank report, Aid and Reform in Africa, could foreclose it. The report argues that aid agencies should become more selective, stressing that aid to countries with "poor" macroeconomic, structural and social policies "may be insulating developing countries from the need to adopt reforms." However, pointing to Uganda and Ghana as successful examples, it argues that aid finance combined with policy advice and technical assistance can support the the reform process.

But the Archbishop of Gulu in Uganda, John Baptist Odama, is not convinced. He denounced the creation of an upper class in the country of just 15 per cent of the people, accusing the World Bank and IMF of being "advocates of principle" while reality on the ground is completely different.

Clearly, a "new path" for the international financial institutions' involvement in Africa is needed beyond symbolic public relations meetings with Heads of State and tours of wildlife parks.

The Tanzania Gender Networking Programme and protesters in Mali called on the World Bank and IMF to:

• develop clear and transparent planning, implementation and monitoring processes, involving ordinary people;

• end privatisation and user fees in health, education, water and sanitation;

• ensure that macroeconomic reform is redesigned to prioritise poorer people;

cancel all debt.

Some African leaders were more cautious. "We need to understand what put us in this position in the first place. Otherwise we'll just cancel [the debt] and then start all over again," commented Senegal President Abdoulaye Wade.

Good governance?

The World Bank has 182 member states. At the Executive Board which governs it, the United States has 15% of votes, Japan 11%, Germany 7%, Great Britain 5% and France 4%. These countries also have individual Executive Directors on the Board. The 47 sub-Saharan Africa countries have a combined total of just 7% of votes and two Executive Directors.

Structural Adjustment for the IMF:

Options for reforming the IMF's Governance Structure www.brettonwoodsproject.org/

briefings/reform/sapimf

These recent debates about the roles of the World Bank and IMF in Africa call into question how the institutions themselves are govemed. The Mozambican Debt Group suggests that the World Bank increase the voting power of the African states in the Board of Executive Directors. The combined voting share of sub-Saharan Africa's 47 countries currently equals that of Germany—seven per cent. Increasing Africa's say on the Board, the group claims, "would give the continent a voice where it matters".

Tanzania Gender Networking Programme www.tgnp.co.tz

Aid and reform in Africa

www.worldbank.org/research/aid/

"Too many have been seduced by the smell of dollars associated with the Gateway" – page 6

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Update back issues, plus reports, links and more at: www.brettonwoodsproject.org

toward greater transparency in pro-

IDA negotiations start

In late February government representatives met in Paris to begin negotiations on replenishing the World Bank's concessional lending arm, the International Development Association (IDA).

Conditionality reduced but still "indispensable"

The three yearly negotiations have previously been used by governments and NGOS to scrutinise the World Bank's performance and press for improvements. Although it is often hard to build consensus about what NGOS and governments should advocate, IDA negotiations are one of the few times when the Bank can be subjected to the conditionality that it normally imposes on others.

In Paris donors discussed the Bank's performance-based lending framework, the goal of allocating 50 per cent of IDA resources to Africa, the role of IDA in post-conflict reconstruction and good governance work, as well as global public goods.

Discussions on how the IMF uses

conditionality have moved forward,

and the Fund is seeking external

comments before a further Board

meeting in June. On March 7 the IMF

Board agreed to reduce the use of

structural conditionality, applying

it only when critical to achieve macroeconomic stability. This will

be assessed on a case by case basis

have tended to be applied much like

conditions, will be used more spar-

ingly and only to monitor policy out-

comes. Letters of Intent should make

a clearer distinction between a gov-

ernment's overall policy programme

and that part which is subject to the

Structural "benchmarks", which

and applied "narrowly".

Three further official meetings are planned, with the next from 5-7 June in Addis Ababa, Ethiopia. By this time, the Bank's Operations Evaluation Department reviews will be available (see *Update*, December 1999). Unlike previous IDA negotiations, the Bank has promised this time to involve Southern governments and civil society representatives, and to make public their negotiation documents.

www.worldbank.org/ida/ summary.htm

For arguments against further World Bank funding see:

Stressing that conditionality can-

not compensate for lack of country

ownership of the reform process,

the Board advised staff to reduce its

financing where support is lacking.

Instead, more is to be done to test

prior commitment and intent

through "prior actions". It argued

that while "results-based" condi-

tionality would give greater flexibil-

ity to governments to choose their

own means to achieve results, back-

loading IMF finance could cause

implementation problems. A shift

to more "prior actions" may be

more manageable. To limit the need

for conditionality, Directors dis-

cussed the role of standards and

www.worldbankboycott.org

Fund's conditionality.

Concern on African pipeline watchdog

In early March the World Bank Group announced a special International Advisory Group (IAG) to oversee the controversial Chad-Cameroon oil pipeline project. It was met with a lukewarm response from environment and human rights groups, concerned about loopholes and omissions in the Group's charter.

Approved by the Bank in June 2000, in the face of opposition from local and international NGOS, the Bank's \$190 million loans to the governments of Chad and Cameroon are part of a project to be implemented by US companies Exxon-Mobil and Chevron. The IAG is supposed to help address concerns that the companies and governments may act irresponsibly on environmental, human rights and revenue management issues.

Whilst welcoming the IAG as a step

codes in specifying desired policy outcomes but observed that their voluntary nature would have to be respected.

The streamlined approach will be applied immediately. Since Horst Köhler's "Streamlining Structural Conditionality" guidance note was issued last September, the number of structural conditions in the Poverty Reduction Growth Facility (PRGF) programmes have been reduced on average by about a third. However, in some cases they have increased with the addition of new governance conditionality. The IMF is yet to publish its paper on governance conditionality-a new priority in its Poverty Reduction Growth Facility (PRGF) programmes

It is assumed that the World Bank and others will take on the structural reforms that the IMF gives up. For ject management, NGOS questioned the Group's Terms of Reference. In particular they pointed to the lack of explicit mention of human rights, and the lack of a permanent presence in the pipeline region. The team of six will be headed by the former Prime Minister of Senegal, Mamadou Lamine Loum, and includes Hilde Johnson, former Development minister for Norway. They will make two site visits per year. Samuel Nguiffo of the Centre for Environment and Development in Cameroon cautioned, however, that: "there is no mention at all how the members of the group will actually communicate with the local people affected by this project".

www.ciel.org/chadcameroonproject.html

low income countries collaboration with the Bank is being coordinated through the Poverty Reduction Strategy Papers (PRSPS).

The IMF is seeking comments on its conditionality papers, posted on the web, and there will be further discussions at the Spring meetings and at a seminar in Washington in May. Comments will be considered by the Board in June and revised conditionality guidelines are expected in the second half of the year.

Papers:

- www.imf.org/external/np/pdr/ cond/2001/eng/overview/index.htm
- Comment to

services

conditionality@imf.org

PRGF fact sheet:

www.imf.org/external/np/exr/ facts/prgf.htm

The future of public

Carrots, sticks and ethnic conflict

How do donor resources, policy advice and conditions attached to aid affect ethnic conflict? International donor interventions are explored by Milton Esman and Ronald Herring of Cornell University in their new book *Carrots, Sticks and Ethnic Conflict: Rethinking Development Assistance.*

Cross-cutting chapters consider evolution of USAID and the World Bank's policies on displacement of people by development projects. "This is a cumulative and devastating critique of the World Bank and IMF's myopic paradigm" comments James Scott of Yale University.

🕲 www.press.umich.edu

G8 strategy attacked as too pro-Bank

Franck Almaric of the Society for International Development has sharply criticised the Italian government's draft strategy for the G8 summit. The *Beyond Debt Relief* paper recommends removing trade barriers, promoting private investment and new global health and education initiatives.

Almaric argues that the paper relies on inaccurate and one-sided analysis, for example on the roles of the World Bank and the IMF. He also questions why the proposed Trust Fund for Health should be placed under the control of the World Bank.

 francka@sidint.org
 www.sidint.org/publications/ amalricdebtrelief.pdf

IFC plans governance clauses for loans: Woicke

The International Finance Corporation, a private sector arm of the World Bank, plans to include corporate governance clauses in loan agreements. IFC Executive Vice President Peter Woicke told the *Financial Times* (21/2/01), that projects supported by the IFC have "to meet strict environmental and social requirements" adding that there was now "tremendous pressure" from governments to add corporate governance to the list. "We want to push for corporate governance, transparency and minority shareholder protection in our loan agreements", he claimed.

www.ifc.org www.gcgf.org A new book examines the privatisation of infrastructure and government services. Starting with neoliberal policies since the 1980s, the book also covers the more recent concepts of partnerships, private finance and Best Value and makes predictions for trends right up to 2020.

By Dexter Whitfield, founder of the Centre for Public Services, UK, the book advocates means to improve global governance, with the aim of improving and sustaining the welfare state using a new model of public service delivery.

Public Services or Corporate Welfare, Pluto Books, 2000 www.plutobooks.com

PRSP case studies report

A new report summarises some of the continued challenges

for participatory poverty reduction processes.

Written for the UK's Department for International Development, the study finds that problems include a lack of common understanding of the meaning of participation. It also pointed to:

• widespread antipathy towards the HIPC initiative, and the perception that the PRSP process is dominated by the World Bank and IMF;

 concern over flexibility on how far macroeconomic frameworks can integrate poverty reduction concerns, especially different perspectives on the distributional effects of growth and the long-term effects of structural policies.

The paper looks in detail at Ghana, Vietnam and Zambia. It finds that the PRSP process, because of its direct link to new development assistance and debt relief, has

Nicaraguan mayors call for consultation

Local government leaders in the Leon Norte area of Nicaragua have written to the World Bank to express their "deep concern about the development of the [PRSP] consultation in Nicaragua" (see *Update* Feb/Mar 2001). The government looks likely to present its full PRSP during March, probably before the first phase of the consultation process had concluded.

Mario Årana, leading the process, argued participants agreed with the Interim PRSP (IPRSP) presented by the government, and furthermore that interest was concentrated on projects included in the IPRSP, and not on its poverty profile and strategy. "People want projects to start now," said Arana.

The protest letter notes, however, that "in meetings with employees from the World Bank and the Inter-American Development Bank in Nicaragua we have met a deep concern about the poor results of the high investments in development projects in Nicaragua. We are convinced that one main problem is that many projects and programmes come from outside, instead of being a result of local analyses of needs. Poor peoples' participation in planning is a prerequisite to lasting results." The Mayors have called on the Bank's Board of Directors to encourage our government to "deepen and broaden" the consultation process.

The Interim PRSP
www.imf.org/external/np/prsp/
2000/nic/01/index

increased the standing of civil society in setting national economic goals. Governments are, however, concerned about political risks and constrained by a lack of experience in how to manage civil society engagement. The lack of assessment criteria for participation makes it easy for some to do little more than organise meetings to consider pre-prepared plans. The paper also finds that:

 time pressures create an unfavourable backdrop in which to build new civil society – government relationships;

• poorer communities should participate directly, not just indirectly through NGOs;

 civil society capacity is limited and many organisations do not have sufficient analytical, advocacy and research capacities.

"Joke" Malawian PRSP deadline extended

Civil society organisations in Malawi which described the PRSP process there as "a joke" have succeeded in persuading their government to extend the process. The government had only given two months to develop the full PRSP but will now extend it until September. "Although not long enough, it does give us a window of opportunity to really make a go of this PRSP which is great" commented Max Lawson of the Malawi Economic Justice Network.

The details of what the extended process will look like have yet to be formalised, and the government's technical committee will soon discuss the way forward. The provisional plan is to produce a 'PRSP findings to date' document to feed into this year's budget. From mid-May meetings will be held to discuss its findings with a broad range of stakeholders.

constructive discussions

Whilst critical of the time frame, civil society groups have acknowledged the PRSP process as a "step forward" with some "constructive discussions". They are now carrying out an independent rapid appraisal of work to date and what can be done between now and September.

For a briefing on the process or more information from the Malawi Economic Justice Network

ecmccjp@malawi.net

The report concludes that the constructive involvement of civil society is likely to prove difficult and complex to manage. There remains a great deal of uncertainty around the PRSP, at every level of government, within civil society and between the two. Participation will only be secured if civil society institutions are convinced donors and governments are willing to countenance real participation and produce tangible results. Donors have a key role in encouraging a good climate for government and civil society to work together.

To achieve this, the primary objectives of the PRSP should be reviewed, with emphasis placed on supporting the goals and principles of the Comprehensive Development Framework and the International Development Targets, rather than the shorter-term objectives of the enhanced HIPC initiative.

Civil Society Participation in Poverty Reduction Strategy Papers (PRSPs) c-simpson@dfid.gov.uk

www.dfid.gov.uk

Bank/Fund PRSP latest

Participation in the PRSP was the subject of a Bank workshop in Washington from 3-5 April. "Voices at the Macro Level: Participation In Country-Owned Poverty Reduction Strategies", brought together selected NGOS, policy staff and donors to discuss and learn from innovative experiences in engaging citizens in assessing poverty, macroeconomic policy formulation, managing and monitoring public expenditures and monitoring the implementation of economic and social policies.

www.worldbank.org/participation/workshopmacro.htm

Gita Bhatt, formerly the IMF's NGO Liaison officer, is to become Secretary for the IMF and WB Joint (HIPC) Implementation Unit. She will be replaced by Simonetta Nardin. gbhatt@imf.org

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S +001-202-623-4899

Some progress on Mozambique cashew, sugar liberalisation

Mozambique has won more flexibility in its five-year battle with the World Bank and IMF to restrict the export of unprocessed cashew nuts. In late February the government denied press reports that it had reimposed a full ban on raw cashew exports. But it will restrict exports from traders suspected of underreporting export prices to avoid taxes.

Whilst traders have benefited from under-reporting export prices, union and industry leaders argue that prices to producers have fallen, from US\$700 a tonne to US\$415 from 1999 to 2000, because of low demand from India. Boaventura Mondlane, general secretary of the Cashew Workers Union, commented that "the producers are earning less and less, contrary to the arguments of the World Bank and the government". "Now that the industry has been put out of action, prices are tumbling" reports the Mozambique News Agency. 8,500 of the 10,000 workers have been made unemployed since liberalisation. In December the IMF accepted a compromise involving the closure of some privatised processing factories whilst protecting the rest with an 18 per cent export duty on unprocessed cashew nuts. The local processing industry will also have the option to purchase nuts before they are exported.

Meanwhile, the IMF Executive Board, contrary to staff advice, have agreed that Mozambique will be allowed to retain tariffs which protect its sugar industry, currently being rehabilitated with major foreign investment. IMF staff had argued that since Mozambique could import sugar more cheaply than it can produce it, the government should allow duty-free sugar imports.

www.jubilee2000uk.org/ policy_papers/roape100400.html

www.africapolicy.org/docs01/ cash0101.htm

For debt and adjustment issues contact Mozambique Debt Group divida@zebra.uem.mz

The Britain-Mozambique Society
AngMoz@compuserve.com

More PRSP materials

The latest IMF-WB progress report www.worldbank.org/prsp/ progressreport020601.pdf

Poverty Reduction Strategies; Reality or Rhetoric? A note on the linkages between PRSPs and poverty by Chris Edwards

info@brettonwoodsproject.org

Engaging with the World Bank and the IMF: A Report for the Gender and Development Network. A strategy for engendering PRSPs www.womankind.org.uk

Poverty Reduction: Where are we Heading? Opening remarks by Peter Henriot, Civil Society For Poverty Reduction, National Forum, 14-15th March 2001, Zambia.

🔵 debtproject@bread.org

Analysis of Participatory Poverty Assessment (PPA) and Household Survey Findings on Poverty Trends in Uganda, *by Rosemary McGee* **Www.uppap.or.ug/otherrep**

Weakening resettlement policy

The World Bank has long failed to implement its policy on how to treat those displaced by the projects it funds, currently some 3.2 million people. In recent years the Bank has been downgrading key aspects of its policies, including the one on resettlement, into weaker guidelines.

While claiming policies are just being "converted" into new formats, the new draft resettlement policy, posted on the Bank's website in early March, shows that there are in fact numerous substantive and procedural changes which strip away rights from people in World Bank project areas.

Changes include:

 reversing the policy regarding those without formal land title by providing compensation for loss of land only to those who are protected through the national legal framework;

• giving the Bank the right to evict indigenous peoples even if this has "sig-

nificant adverse effects" on their "cultural survival";

giving borrower governments permission to exclude from compensation "persons engaged in illegal use of natural resources", a concept that is not defined;

• the elimination of consideration of 'indirect impacts' of Bank policies;

• weak language on World Bank supervision of resettlement.

Not only do many of these policy changes ignore many public comments submitted on the Bank's earlier draft policy, they also contradict international law and the findings of the World Commission on Dams. Whilst the Bank is not soliciting comments on its drafts, concerned individuals are writing to Ian Johnson, World Bank Vice President for Environmentally Sustainable Development, with copies to their country's World Bank Executive Director (see below). The Bank's Board may approve the policy in late April.

World Bank Executive Director list at: www.bicusa.org/mdbs/wbg/ execdir.htm

ijohnson@worldbank.org
+1 202.522.7122

www.ciel.org/wbinvolresettle.html

www.worldbank.org/whatwedo/ policies.htm

New Bank report on gender policies

The World Bank has been criticised for being "two-faced" in its gender approach. Commenting on the recent Bank policy research report *Engendering Development Through Gender Equality in Rights, Resources and Voice,* Laura Frade, Latin America regional coordinator of Women's Eyes on the World Bank, says it does not go far enough in analysing the impact of structural adjustment policies on women. Nevertheless, it is an advance in terms of the Bank's understanding of gender and development, she claims.

The evidence in the report makes a compelling case for the state to intervene in promoting gender equality in all sectors of society. It shows that improving rural women's access to productive resources like education, land and fertiliser could increase agricultural productivity by as much as one fifth. It also shows that where the influence of women in public life is greater, the level of corruption is lower.

Its three-part strategy includes

• reforming social, legal and economic institutions;

• fostering economic development to strengthen incentives for more equal distribution of resources;

 taking active policy measures to redress persistent gender inequalities in command over resources and political voice.

"We have seen many things on paper, but we will see little change without real political will. Bank staff at all levels need to have the conviction that gender analysis should inform all their strategies and programmes or little will change on the ground", cautioned Ngone Tine Diop, manager of the economic and gender programmes CODESRIA, the Council for the Development of Social Science Research in Africa.

Although recognising that such policies are not binding on the Bank a new report for the UK-based Gender and Development Network of non-governmental organisations acknowledges that the report will be a useful advocacy resource.

🕲 www.worldbank.org/gender/prr 🕲 www.womankind.org.uk

Bank civil society newsletter

The World Bank has re-launched its newsletter aimed at civil society groups. The first issue contains material on the Information Disclosure Policy review, forest policy, environment strategy, Poverty Reduction Strategies, the Development Gateway, World Bank Rural Strategy etc. The newsletter seems, however, only to contain references to Bank meetings and reports, with not a single link to a non-World Bank website or independent publication.

www.worldbank.org/ngos ngo@worldbank.org

Social legacy of Indonesia's crisis

A new pamphlet from UNICEF details the social legacy of Indonesia's financial crisis. In addition to detailing the immediate and subsequent social costs, the paper notes that the huge debt burden Indonesia now shoulders as a result of the bail-out programme is "a handicap that could cripple human development for years ahead", and "may have undermined the government's capacity to invest in human development".

Peter Stalker, 2000, Beyond Krismon, the Social Legacy of Indonesia's Financial Crisis florence.orders@unicef.org www.unicef-icdc.org

"Fighting neo-liberalism in the Asia-Pacific"

The Asia Pacific Peoples' Solidarity Conference will be held in Jakarta, Indonesia, 7-10 June, 2001, organised by the Indonesian Centre for Reform and Social Emancipation (INCREASE). The aims of the conference are to:

 raise awareness in Indonesia about neoliberal economic policies and the IFIs' role in promoting them and how local campaigns can link into the fight against neo-liberalism;

• feed into the process to develop alternatives to IMF reforms;

• deepen cooperation and linkages within the region and with other regions.

increase@indo.net.id

World Bank attacked on dams report

Some 87 NGOS and movements from 30 countries involved in the World Commission on Dams (WCD) sent a letter in March to World Bank President Wolfensohn stating that NGOS will hesitate to engage in future dialogues with the Bank if it does not comprehensively adopt the Commission's recommendations. The groups say the Bank's response to the Commission's report published in November 2000 has been "illadvised, disappointing and in parts inappropriate".

After consulting with governments involved in dam building, the Bank informed the wcp Forum in Cape Town in February that it would not adopt the Commission's new guidelines. Instead, they will be used as a non-binding reference point when considering new dam projects.

"NGOS certainly agree that borrowing country governments have an important role to play, and are interested in having an active dialogue with them on the implementation of the wcp report", says Himanshu Thakkar of the South Asia Network on Dams, Rivers and People, one of the authors of the NGO letter. "Yet if the World Bank simply consults the water and energy ministries which build the largest dams, it should refrain from pretending to be an honest broker, and should make it clear that it represents one interest group", Thakkar adds.

For World Bank, NGO and industry presentations to the WCD:

www.dams.org/events/ forum_3.htm

See also: www.evb.ch/bd/press/ 20_03_01.htm

🕲 www.irn.org/wcd

IMF muscles in on "Asian Fund"

Asian countries may be blocked from setting up an independent regional currency swap mechanism. This was intended to allow countries facing financial crisis to draw US dollars from one another's foreign exchange reserves without involving the IMF. But the US government is now insisting that the IMF be allowed to set and supervise the conditions for the operation of this facility. A Third World Network statement says the move "would reduce the proposed facility to an appendage of the IMF" and called on Asian governments to ensure its independence.

twnet@po.jaring.my

Peruvian mine blockade, complaint filed

In early March an estimated 5000 people from towns near the Yanacocha mine blockaded one of the main roads leading to the mine. They were protesting the death of fish in trout farm ponds which are fed by a river contaminated by mine run-off.

The blockade was supported by several mayors of the towns, who lent vehicles and trucks to help block the road. At the behest of Yanacocha, the Peruvian military sent helicopters to transport staff to the mine, which is operated by USbased Newmont Mining Corporation with backing from the World Bank's International Finance Corporation. The stand-off ended when Yanacocha agreed to compensate the local people for the fish kill; negotiations are currently ongoing between the mine and local citizens.

Also in March, local leaders and civil society organisations led a general strike to protest Yanacocha's plans to expand the mine into an area which local people have declared an "untouchable zone". They are demanding to know whether the IFC supports the expansion plans.

The Federation of Rondas Campesinas of Northern Peru have also just filed a complaint to the IFC's Compliance Advisor Ombudsman on the mine. Their report documents problems with dewatering, water contamination, fish and frog die-off, air pollution, loss of medicinal plants, unjust and illegal land acquisitions, alcoholism, and repression of mining opponents.

The protests in Peru come at a time when the IFC has just appointed

a former mining company executive as head of its Environment and Social Development Department. Gavin Murray was Vice President for Sustainability Leadership of Placer Dome, Inc. an international gold mining company. Placer Dome's operations in the Philippines, the USA and elsewhere have been controversial.

www.philsol.nl/pir/v2/ PlacerDome-99b.htm

www.miningwatch.ca/publications/ PDI_proposal_backgnd.html

www.alphacdc.com/wsdp/ dirtys.html

IFC prawn farm loan sparks conflict

In February, Honduran fishermen in the Gulf of Fonseca protested against the expansion of a prawn farm which has been supported by the World Bank's International Finance Corporation (IFC). NGOS believe that the IFC shares responsibility for the violent conflict between local communities, the companies and the police which re-erupted in February.

Demonstrating that prawn farming destroys the marine environment and reduces fish breeding, the fishermen, supported by organisations such as CODDEFFAGOLF, were successful in getting the area declared a Ramsar Convention protected wetland site in late 1999.

In June 1999 the IFC loaned six million dollars to the San Bernardo

Marine Farms (SBMF) shrimp company (predominantly North American owned), contradicting a May 1999 Bank statement which said it would never again fund fisheries projects which created ecological and social problems.

The loan was justified by the claimed need to reactivate shrimp production after Hurricane Mitch. However, the Forest Peoples' Programme in a recent letter to the IFC, points out that "the company had not in fact suffered severe damages during Hurricane Mitch and the funds are now being used by the company to expand its operations, thereby destroying neighbouring wetlands and affecting the livelihood of local fishing communities". In early March the IFC sent some staff to Honduras to investigate but their report has not yet been published. It looks unlikely that the IFC will commission an independent investigation, as NGOS demand.

Meanwhile Raja Siregar, a marine policy campaigner with Indonesian NGO WALHI released a similar statement calling on "the World Bank and Asian Development Bank to stop promoting shrimp farming in Indonesia because it is destroying the country's mangroves".

- www.latribunahon.com/2001/ febrero/7/pag1.htm
- www.coddeffagolf.org
- eqolf@sdnhon.org.hn

Journalists press for transparency

The International Federation of Journalists (IFJ) has called on the World Bank to publish adjustment loan documents, Country Assistance Strategies and Board Minutes or summaries of Board discussions. "Without the release of these documents, journalists cannot adequately fulfil their responsibilities to subject public bodies to scrutiny," writes Aidan White, IFJ General Secretary. "Disclosure of these critical documents will remain at the whim of borrowing governments... [it] will be subject to political expediency rather than the public right to know."

🕲 www.ifj.org

www.worldbank.org/infoshop/ disclosure/

Participation: the new tyranny?

One of the first books to challenge the almost universally fashionable rhetoric of participation, *Participation: The New Tyranny* looks at participatory development's promises of empowerment and appropriate development compared with what actually happens on the ground.

Contributions both seek to learn from examples of failed participatory practice and to present conceptual analyses, many of which go beyond those conventionally associated with development studies. The book is edited by Bill Cooke and Uma Kothari, Institute for Development Policy and Management, University of Manchester.

🕲 www.zedbooks.demon.co.uk

Making waves

A compilation of projects and experiments in participatory communication for social change looks at 50 case studies from Africa, Latin America and Asia, some with World Bank support. *Making Waves: Stories of Participatory Communication for Social Change* is written by Alfonso Gumucio Dragon, a development communication specialist, for the Rockefeller Foundation. The report is produced as a follow-up to the *Communication for Social Change* meeting in Cape Town, South Africa in 1998.

www.rockfound.org
 webinfo@rockfound.org

Laos dam controversy

World Bank Asia region staff are currently considering whether to move the Nam Theun 2 dam, Laos, to "preappraisal stage". As this is a very controversial project, this decision would have to be taken by the World Bank's Board.

The Bank has been asked to provide a partial risk guarantee for commercial banks to lend support to a private dam-building consortium. But a number of independent organisations have raised concerns about the project's viability, particularly in view of the continuing lack of reliable forecasting of demand for the project's electricity which is supposed to be sold to Thailand.

Thai electricity reserves currently stand at more than 40 per cent of demand and the effects of the introduction of the power pool system into Thailand are uncertain.

Projections of economic benefits for an earlier Asian Development Bank-funded dam project in Laos proved false due to changes in the timing and price of electricity sales and the depreciation of the Thai currency, the baht.

Given the environmental damage which Laos would sustain as a result of Nam Theun 2 the NGOS, including TERRA, based in Thailand, called on the Bank to incorporate the recommendations of the World Commission on Dams into its decision-making. These include genuine negotiations with all stakeholders and the release of all project-related studies. NGOs are planning to release a review of the contradictions between the Dams Commission guidelines and Nam Theun 2.

🛑 aviva@irn.org

www.irn.org/programs/mekong/ power990303.shtml

Conference demands Bank fossil fuels ban

A conference in February demanded that agencies such as the World Bank should stop funding fossil-fuel mining and power projects, and instead pay to repair the social and environmental damage already caused by these industries. The conference, in Jharkand, India was attended by delegates from more than 15 countries, including scientists, journalists and indigenous peoples' representatives.

🖤 www.seen.org

A new report by the Global Environment Facility argues that renewable energy markets are set to take off. Renewable Energy: GEF Partners with Business for a Better World. www.gefweb.org

Knowledge Bank takes on trade, but credibility questioned

Whilst the World Bank continues to develop its strategy to emphasise 'global public goods' and its role as a 'knowledge bank', an increasing number of people are questioning its premises. World Bank Chief Economist Nick Stern emphasised the importance of World Bank research when he told the Financial Times (30 January) that: "the World Trade Organisation doesn't have the research capability the World Bank does and looks to us to push the trade research agenda. I have put a lot of weight behind that. The World Bank is the only organisation with the depth of knowledge at the country level you need to discuss trade issues seriously."

The credibility of World Bank research was, however, again strongly questioned in a recent article by Peruvian economist Humberto Campondonico. Writing in *Reality of Aid* he commented that: "World Bank intellectuals have their quota of power as long as their discourse does not interfere with the central interests of its main member, the US, and of financial capital and multinational companies". A new paper by British academic Robert Wade for the New Left Review makes similar points.

The overall theoretical and political justification for the Bank producing and disseminating ever more research and knowledge can also be faulted. The Bank says these activities are broadly beneficial 'public goods', similar to scientific breakthroughs such as vaccines, but "the analogy with scientific research breaks down because social science research is often on contested terrain, across disciplines that do not necessarily share methodological precepts or criteria for empirical verification", according to a new paper by Ravi Kanbur, Professor of Economics at Cornell University. Kanbur points out that some people "deny entirely the objectivity of social science research, preferring instead to examine the assumptions and motivations that researchers bring to the questions they ask and answers they provide.

Africans boycott Bank's net Gateway

In late February South African civil society groups decided to boycott the World Bank's planned Development Gateway internet scheme. Following a meeting with two Gateway staff, representatives of SANGONET, Jubilee South Africa, COSATU, SANGOCO, the Community Radio sector and the Churches wrote saying "We want to firmly and unequivocally state our intention not to participate in the World Bank Development Gateway project. That while the Development Gateway purports to promote local community organisations and their information initiatives, it's true intention is to control the development information discourse to promote its own particular perspectives." African civil society web organisation kabissa.org supported the letter in an editorial, writing "Fundamentally, what the South African organisations have raised is the issue of power and control. They are right to refuse to relinquish either. Sadly, too many organisations have been seduced by the smell of dollars associated with the [Gateway] initiative to say anything. The South African organisations here should, therefore, be congratulated for having the courage to speak out. We hope others will soon follow their lead."

The Gateway's new newsletter demonstrates some of the potential fears about the project: the first two have deliberately avoided any mention of criticisms of it (see *Updates* 17–21), exemplifying the tendency to control information rather than include all perspectives.

The World Bank's Board gave the project a lukewarm endorsement at a meeting in early March. Bank President Wolfensohn is now moving to These concerns are multiplied when that research takes place in an operational organisation whose operations can be controversial, and where it is felt by outsiders that preset positions are being supported through the research process".

These comments are significant coming from Kanbur, who was lead author of the World Bank's Poverty World Development Report (WDR), until he resigned last May. Interestingly some senior World Bank researchers now argue privately that the WDRs should be scrapped, as they are almost impossible to manage in the face of expectations that the drafting process should be open to external scrutiny.

A Note on Cross-Border Externalities, International Public Goods and their Implications for Aid Agencies, *Ravi Kanbur*, *March* 2001

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

Economists and Power at the World Bank, Humberto Campondonico, in Reality of Aid www.devinit.org/jpdfs/jhc.pdf www.newleftreview.org

raise funds for a new foundation, which will run the Gateway supersite and give grants for other initiatives. It is known that organisations which contribute over \$5 million will get a seat on the foundation's board but it is unclear how the remaining places will be filled or whether the board will be in place by the planned 1 July launch of the Gateway.

The Bretton Woods Project has produced a new briefing on the Gateway.

🕲 www.brettonwoodsproject.org

www.kabissa.org/lists/ newsletter-l/0013.html

www.developmentgateway.org

Southern African Bank watch

The Alternative Information and Development Centre (AIDC), based in Cape Town, South Africa, has launched a newsletter to monitor the World Bank and IMF activities in Southern Africa. In its first issue, it says it aims to keep NGOs, community leaders, trade unionists, environmentalists, progressive people of faith, women's movement activists, the radical youth, and any other critics of neoliberalism aware of World Bank and IMF activities and the effects of its involvement in the region.

🕲 aidc.org.za

Aidc@iafrica.com

Bank research: newsletter and website

The World Bank has launched a newsletter and special web interface to publicise and disseminate the research it produces. Many outside the Bank are unaware of the political influence of its research or the vast range of topics it covers. This research, which is widely distributed, plays an important agenda-setting function for the Bank, though many question the credibility of the Bank's work (see Knowledge Bank article above).

www.worldbank.org/research

Trade discussions at new European seminar launch

The World Bank and the European Policy Centre have launched a new series of "Advanced International Policy Seminars on poverty and sustainable development". The first, on "Trade and Poverty" was addressed by Pascal Lamy, EU Commissioner for Trade, Gun-Britt Andersson, Swedish State Secretary for Development Cooperation, and Kemal Dervis of the World Bank.

Seminars later this year will cover: good governance and anti-corruption, international governance mechanisms, and conflict prevention: the economic dimension.

🕲 www.eipf.org

Protests planned for Barcelona conference

The Annual Bank Conference on Development Economics Europe, to be held from June 25-27 in Barcelona, will focus on economic globalisation, with prominent World Bank and academic speakers.

Citizen and social movements of Catalunya and Spain, as well as some political organisations and NGOs are preparing a counter conference, a peoples' trial, a fiesta, a demonstration and other protest activities. The activists see the meeting as "a good occasion to let the citizens know who the World Bank is and what it does".

www.worldbank.org/research/abcde

- 🕲 attac-catalunya.pangea.org
- attac-catalunya@pangea.org

posed spending cuts agreed by par-

liament, other options are dollarisa-

tion or default. Devaluation would

make the economy more competi-

tive but it will increase the country's

debt burden as the economy is

Oh no, O'Neill

New US Treasury Secretary Paul O'Neill has indicated his scepticism that IMF bail-out packages can deal effectively with financial crises. "Why do we have to intervene? Especially, why do we have to intervene on a crisis basis? [Crises] are great media fodder, but they're not real hot for anybody else," he told the Financial Times.

Although sceptical, O'Neill has been careful not to rule out US involvement either in coordinated currency market intervention or leadership in IMF bail out operations. The first test of his resolve may be Turkey. Whilst bail-outs may send the wrong signals to the financial markets, leaving Turkey to face the heat alone could add to growing instability in the region and contradict other US foreign policy objectives. Turkey has been in discussions with the US government as well as the IMF and Word Bank about a possible \$10-12 billion loan to help resolve its crisis. O'Neill, however, claims Turkey's earlier deal with the IMF is sufficient.

O'Neill prefers more focus on crisis prevention. Making a veiled attack on the IMF, he commented to Agence France Presse "With the knowledge and understanding available today, the international community should be able to do a better job of anticipating weaknesses and undertaking necessary steps to keep crises from taking full form." He has called on the Fund to publicise "key indicators of potential trouble."

O'Neill may be appeased by the IMF's announcement that it is establishing a Capital Markets Department which will monitor capital and currency markets to improve its capacity to spot early signs of crisis. But it is unlikely that the IMF will publish a "hot list" of potential crisis countries for fear of destabilising markets.

A new report from the Bretton Woods Project and Oxfam, *Go with the Flows? Capital Account Liberalisation and Poverty*, calls for more technical assistance and resources to allow governments themselves to monitor capital flows to determine their impacts on the economy.

Meanwhile, members of a US congressional commission, the "Meltzer Commission", which last year recommended radical reforms at the World Bank and IMF, have again called for deeper reforms at the institutions. Addressing the Joint Economic Committee (JEC) of Congress in March, Allan Meltzer, suggested that the major shareholders of the Bretton Woods institutions should require an independent management audit to appraise the World Bank and order a performance audit of Bank lending and aid.

Go with the Flows? Capital Account Liberalisation and Poverty, *Bretton Woods Project and Oxfam-GB*

info@brettonwoodsproject.org

Bretton Woods Project briefing on the Meltzer report

www.brettonwoodsproject.org/ briefings/reform/meltzer.html

Social sectors bear brunt of Argentine austerity programme

The crisis in Argentina deepened in March after three ministers, including the Education and Economy Ministers, resigned after the government agreed a new austerity programme with the імғ. It involves \$8 billion in spending cuts over three years with cuts in education of as much as \$2 billion. The cuts are necessary if the government is to keep on track with its \$40 billion IMF programme, which requires a reduction of annual budget deficit to 2.4 per cent of the gross domestic product. The new Economy Minister, Domingo Cavallo has stated that he will not devalue the currency.

s over already partly dollarised. It would also dent Cavallo's credibility. e cuts nent is **raising borrowing costs** billion

Default may be preferable to a prolonged economic slump, but it will cost the country's credit rating and scare off foreign investors. Default by Argentina is likely to hit other emerging markets, raising borrowing costs.

If Cavallo is unable to get the pro-

Bank Vice President enlisted in Turkey crisis

In a bizarre effort to shore up international investor confidence, the Turkish prime minister appointed Kemal Dervis, a World Bank Vice President, to become a state minister in charge of the economy in Turkey in late February. The last time an unelected person became a minister was during the 1971 coup.

Dervis' first task was to negotiate new credit lines with the Bank and IMF, as the country's financial crisis continued. Turkey is seeking \$10-12 billion in foreign loans to tackle the crisis. The Bank and Fund are expected to demand a new antiinflation programme, including extensive spending cuts, and a speed up of structural reforms, particularly in the banking sector. Reforming the banking system is one of the key pledges made to the IMF in return for \$7.5 billion of emergency funding last November. The government floated the lira in mid March, which then lost 30 per cent of its value against the dollar, causing petrol and other price rises. Inflation is expected to increase to 25 per cent.

Reuters reported that Turkish Deputy Prime Minister Devlet Bahceli urged the IMF to "take the social dimension into account without breaching the programme's general logic and aims". Turkey's main opposition party, the pro-Islamic Virtue Party, introduced a censure motion against the government, blaming it for pushing the economy into recession by implementing the IMF's previous programme. The motion said "the programme has adversely affected all sections of society and failed to reach its targets".

Ecuador adjustment protesters strike deal

In late January and early February Ecuadorean indigenous groups led further protests against government and IMF economic policies. An agreement was finally reached on 7 February between the government and CONAIE, the National Confederation of Indigenous Peoples.

It included a one-year freeze on petrol prices, a 40 cent cut in the cost of a tank of cooking fuel, and cheaper public transport fares for children, students, and the elderly. CONATE vice president Ricardo Ulcuango said the agreement was "a triumph of the indigenous people, of the Ecuadorean people". Presidential press secretary Alfredo Negrete said the government had learned that it must work more directly with the indigenous peoples on policies that affect them.

In late January, after taking over the local CNN television studio, indigenous leader Salvador Quispe said his people wanted "to denounce internationally the servile attitude of the president of the republic before the IMF, Plan Colombia, and the national financial sector, an attitude that has imposed great sacrifices on the Ecuadorean people."

"The heart of the problem is how to deal with poverty, which is being heightened by the economic reforms," said Juan Fernando Teran of the Instituto de Ecologia y Desarrollo de las Comunidades Andinas (IEDECA), an NGO that works with indigenous communities and is part of the structural adjustment participatory review initiative. "If this is not addressed, the protests will return. Every year the IMF and World Bank come to this country asking the government to impose these measures and this is the third year running that we've had such demonstrations."

Interior Minister Juan Manrique said the indigenous peoples' demands were "absurd," and that it was "inappropriate" to ask the government to repeal the adjustment measures because they would reactivate the economy. In mid February the government reached a preliminary agreement with the IMF that will allow it to tap \$130 million in existing credits and extend a current loan. In return the government will stick to its economic programme which focuses on growth and lowering inflation. This agreement will allow Ecuador to tap a \$70 million credit from the World Bank and a \$60 million loan from the IDB. The government will soon negotiate a new programme and 2-year loan with the IMF that "has a wider reach," said Economy Minister Jorge Gallardo.

www.saprin.org/ecuador/ ecuador6feb.htm

Iadb.unm.edu
info@ladb.unm.edu

Child poverty, development targets debated

A conference on child poverty called by British Chancellor Gordon Brown and Secretary of State for International **Development Clare Short received strong support from** participants including non-governmental organisations. But concerns remain on how to move from rhetoric to action.

The conference on 26 February in London, brought together representatives of the UN, the World Bank and the IMF with the governments of developed and developing countries, charity organisations, faith leaders and business. It aimed to develop an agenda to meet the 2015 international development targets on poverty.

According to a World Bank background paper for the conference, the goals will not be achieved at current rates. Although the share and number of poor people declined in Latin America in the 90s, the opposite is true for Africa where poverty has been on the rise for a decade. Participants pointed out the paper lacked child-specific indicators, rely-

"The use of pseudo-scientific language dismisses the efforts of men, women, communities, and their respective governments to transform their own reality. The whole [G8] document conveys the view that solutions to the problems of least developed countries will come from the outside".

> Franck Almaric Society for International Development comment on the Italian government's G8 strategy document.

ing on basic assumptions about how policies affect children. Participant NGOS advised the World Bank, IMF and developed country governments to extend the debt cancellation for all heavily indebted countries and called for actions on education, health, HIV/AIDS, trade and investment and the root causes of conflict and violence.

The conference unveiled proposals for a global purchase fund to provide cheap vaccines against childhood diseases, as well as new funds for education by the UK and Italy. Less clear at this stage is exactly how these funds will be channelled through the poverty reduction strategy papers (PRSPS) of individual countries, and what the criteria will be for eligibility, selection of beneficiaries and national administration. Tax credits on donations of drugs and vaccines from the pharmaceutical industry were also announced. However, critics point out these do not address the more troublesome trade-related aspects of intellectual property rights which prevent developing countries from producing their own drugs at affordable prices.

NGOS welcomed these new efforts, but called for greater specificity, particularly in relation to the general commitments made by the World Bank and IMF on social impact assessments of adjustment operations. NGOS said they expect to see the World Bank and IMF register progress towards the international development targets at their spring and annual meetings.

With the potential for PRSPS to become the dominant donor framework for nationally led development processes, the role of the IMF and the World Bank in achieving the development targets will remain important. Yet, much expertise in areas such as health and education resides elsewhere. Apparently weary of familiar criticisms of mission creep by shareholder countries, the Bank gathered UN bodies and developing country officials to a March seminar in Washington DC to see how they can divide up the tasks.

Participants said country specific intermediate goals and improved tracking towards them could help to make political leaders more accountable. Though stressing that progress towards the targets will be fastest in countries with stable market-friendly policies and good governance, Jo Ritzen, World Bank Vice President for Development Policy, concluded by saying that the choice between private and public sector service delivery should be left to each country.

These matters will again be the subject of hot debate at the G8 meeting in Genoa this July (see story, page 2).

Spring meetings agendas

At the World Bank, IMF Spring meetings government ministers will discuss the

International Monetary and Finance Committee, 29 April IMF Evaluation Unit www.imf.org/external/spring/2001/index.htm

World Bank Strategic Framework World Bank Middle Income Countries Task Force Report

🖤 wbln0018.worldbank.org/dcs/devcom.nsf/(webnewsdisplay)/ 2001SpringMeetings?OpenDocument

NGO events

Overstretched and Underloved: new briefing on Bank strategy

staff concerns about Wolfensohn's internal reforms. Portrayed by some as just disaffection from staff facing the axe, the memos in fact revealed serious problems with Wolfensohn's management approach. Among these are his tendency to take on new issues and mandates for the Bank without getting extra funding to carry them out, and the internal market reforms he instituted under the Strategic Compact. A four page Bretton Woods Project pring meetings in late April, as the Bank sets out its new Strategic Framework

info@brettonwoodsproject.org

www.brettonwoodsproject.org/briefings/reform/overst.html

Bankwatch group seeks policy director

The Washington DC-based Bank Information Center (BIC) is recruiting a policy director. BIC is an independent, non-profit organisation that provides information and strategic and practices of the Multilateral Development Banks (MDBs). The Policy Director will conduct research and analysis and liaise with other NGOs

🖤 www.bicusa.org/aboutbic/jobopps.htm

afarrance@bicusa.org

O +1 202 737-1155

project

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Bretton Woods Project

- c/o Action Aid, Hamlyn House, Macdonald Road, London N19 5PG, UK
- **S** +44 (0)20 **7561 7546/7**

- www.brettonwoodsproject.org W

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