

Issue update

Selected Issues on International Financial Institutions

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Norway “seeks the truth” on Bank conditionality

The Norwegian government, whose aid money cannot be spent on programs that require trade liberalization and privatization, hosted an inter-governmental meeting in November to assess the extent to which the World Bank and IMF still require developing countries to pursue privatization and liberalization as a condition of support. An independent study commissioned for the meeting, determined that while the World Bank and IMF are still pushing privatization and trade liberalization in their development policy lending, it is less pervasive than in the past. It also concluded that governance conditions are increasingly taking the place of economic policy prescriptions, and that developing government “ownership” over Bank and Fund policies is still weak.

Held in Oslo, the meeting brought together Finance and Development Ministries from Norway, Sweden, Denmark, Finland, UK, Germany and the Netherlands, as well as academics and civil society groups, including the Halifax Initiative. Canada which had agreed to participate, withdrew from the conference some days before, as did the IMF.

Both Norway and the United Kingdom have in recent years untied their bilateral aid from countries meeting certain conditions, including privatization and liberalization. The Canadian government has yet to make its position public on the conditionality debate.

Summary of the conference

<http://odin.dep.no/ud/english/topics/dev/032201-220074/dok-bn.html>

Independent study, and case studies from Bangladesh, Mozambique, Uganda and Zambia

<http://www.sum.uio.no/conditionality/download.htm>

Jubilee South statement on conditionality - The only condition is no conditions

http://www.cadtm.org/article.php3?id_article=2303

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JUST THE FACTS: Independent Evaluation Group: who it is, what it does



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153 Chapel Street
Ottawa, ON K1N 1H5
Canada

TEL: (613) 789-4447
FAX: (613) 241-4170
WEB: www.halifaxinitiative.org

Poverty reduction eludes Bank, internal audit finds

Despite its efforts to fight poverty, the World Bank has failed to increase incomes in many poor countries over the past decade, leaving tens of millions of people living in the same or worsening conditions, said the World Bank's Independent Evaluation Group (IEG) (see **Just the Facts**) in its *Annual Review of Development Effectiveness - Getting Results*. The hard-hitting report, which assesses Bank efforts to combat poverty, argues that the Bank is falling significantly short in the delivery of results.

The IEG found that sustained income growth, which is essential to poverty reduction, remains a challenge for a considerable number of World Bank borrowers. Only two in five borrowing countries have recorded continuous per capita income growth over 5 years ending in 2005. In the same period, and despite spending \$9.6 billion on rural development, the Bank has failed to help countries formulate and implement strategies to effectively reduce rural poverty.

According to the Review, Bank programs are also unfocused and overly ambitious. Almost half of all Bank Country Assistance Strategies reviewed by the IEG in the past four fiscal years were found to be too ambitious. The IEG warned that frequent shifts in emphasis of Bank assistance risks reducing the Bank's effectiveness. Finally, the IEG found that Bank initiatives don't always enjoy political support, particularly public sector reform initiatives which focus on new legislation and institutions, while overlooking the enforcement dimension.

Bank management dismissed the report as "overly bleak".

IEG Annual Review of Development Effectiveness

<http://www.worldbank.org/ieg/>

The Persistently Poor - An Internal Report Criticizes World Bank's Efforts on

Poverty <http://www.washingtonpost.com/wp-dyn/content/article/2006/12/07/AR2006120700427.html>

World Bank: Mixed messages on labour standards

In December, the World Bank announced that it would require all project lending (e.g. for large scale infrastructure) through the International Bank for Reconstruction and Development and the International Development Association to meet International Labour Organization's core labour standards. The private sector lending arm, the International Financial Corporation (IFC), already has such a requirement. While welcome, the move sits in stark contrast to the Bank's September *Doing Business* prognosis that calls on government's to improve their investment climate by promoting greater labour market flexibility. This refers to reforms that make it easier to hire and fire workers, and that set limits on collective bargaining and the rights to unionize.

World Bank takes major step on labour standards

<http://www.ituc-csi.org/spip.php?article491>

Notice Board

- 📄 One World Trust launched the 2006 **Global Accountability Index**, ranking 30 of the world's largest intergovernmental organizations, international NGOs and companies by transparency, stakeholder engagement and involvement, level of self-evaluation with stakeholders, and existence of effective complaint mechanisms. The Global Environment Facility, Action Aid International, and Anglo-American Plc. with Pfizer Inc., ranked the highest in their respective categories. The World Bank ranked second and the IMF fifth in the intergovernmental category. http://www.oneworldtrust.org/?display=index_2006
- 📄 Goldcorp Inc., which fully acquired Canadian Glamis Gold in a friendly merger in November, **intends to repay its loan to the International Finance Corporation** for the troubled and controversial Marlin mine by year end. It is not yet know how the IFC will address issues related to the project once it has divested.
- 📄 **South African Finance Minister, Trevor Manuel, has said as new Chair of the Group of 20 he will focus on IMF and World Bank reform**, starting in March 2007 at the first seminar in Brazil. The meetings will conclude in South Africa next November.

New Publications

- “*The Grassroots Guide to the World Bank and the IMF*”, Fifty Years is Enough, November 2006. The Guide offers an in-depth accessible overview of the international financial institutions and the global economic system. It covers the history of the Bank and Fund, their structure, and issues related to structural adjustment, energy and the environment, free trade, immigration, education, healthcare, HIV/AIDS, and more. <http://50years.org/pubs/grassroots-guide/order.html>
- “*China's Export-Import Bank and Africa: New Lending, New Challenges*”, Center for Global Development, November, 2006. China has long been actively engaged in Africa, but more recently has renewed its push into Africa as part of its foreign policy strategy to secure access to natural resources and reassert itself on the global stage. The Export-Import Bank of China is a growing—if still mostly unknown—instrument of that strategy. This note presents some of the basic facts about China Ex-Im and identifies several potential implications for Africa and the West. http://www.cgdev.org/files/11116_file_China_and_Africa.pdf
- “*Gender Guide to World Bank and IMF Policy-Based Lending*”, Suzanna Dennis and Elaine Zuckerman, Gender Action, December 2006. The Guide looks at the gendered impacts of World Bank and IMF policy-based loans that decrease public spending, privatize essential services and unilaterally liberalize trade. These policies deepen poverty, undermine gender equality, and contribute to the spread of HIV/AIDS and gender violence. <http://www.genderaction.org/images/GA%20Gender%20Guide%20to%20World%20Bank%20and%20IMF%20FINAL.pdf>

Upcoming Events

- World Social Forum - panels, workshops, symposia, processions, film nights and much much more, January 20-25, Nairobi, Kenya. <http://www.wsf2007.org/>

Independent Evaluation Group: who it is, what it does

The Independent Evaluation Group (IEG), formerly the Operations Evaluation Department (OED), is an independent unit within the World Bank Group that reports directly to the Bank's Board of Executive Directors. Its mandate is to "enhance development effectiveness through excellence and independence in evaluation." In other words, the IEG is charged with objectively evaluating whether the Bank is achieving expected results, and making recommendations on how to improve the Bank's effectiveness in reducing poverty and promoting development. The IEG evaluates the work of the International Development Association, the International Bank for Reconstruction and Development, the International Finance Corporation and the Multilateral Investment Guarantee Agency.

The IEG assesses Bank performance by evaluating, among other factors:

- individual project outcomes;
- the effectiveness of individual Country Assistance Strategies (World Bank Group programs that are linked to a country's development strategy);
- Bank compliance with its policies and good practice regarding particular sectors or themes (e.g. agriculture, gender); and
- particular requests made by the Bank's Board.

When the IEG issues a major evaluation, Bank management and the Board of Directors publicly respond to the IEG findings. In addition, the IEG annually assesses whether the Bank has implemented recommendations that it has made in evaluations during the year. The Annual Report on Operations Evaluation includes both this assessment and the Bank's response.

Independent Evaluation Group
<http://www.worldbank.org/oed/>