

# After the dust settles: Singapore in retrospect

Summary of meetings, events, and statements related to  
the 2006 IMF/World Bank Annual Meetings

Bank Information Center, December 2006

The 2006 IMF/World Bank Annual Meetings and related events took place in Singapore from September 11-20. While the meetings are normally a venue for civil society engagement with Bank staff and management, this year's event was marked by the sharp curtailment of civil society participation following the Singapore government's banning, detainment, and/or deportation of over 60 civil society representatives. The meetings concluded awash in skepticism about the status - and future - of the World Bank's engagement with civil society.

The official meetings were by no means the only venue for conversations and debates about the nature and role of the international financial institutions. Most notably, an alternative civil society forum titled the International People's Forum vs. the IMF/World Bank was held on the Indonesian island of Batam, about 30 minutes from Singapore.

Following are highlights from both events, updates on some key conversations, and additional thoughts on what happened in and around Singapore. This document is intended to serve as a resource for civil society organizations – as both a record of what took place in Singapore, and a tool for planning around future events of this sort.

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## 1. International People's Forum vs. the IMF/World Bank

Over 700 individuals representing over 100 organizations and 25 countries participated in the International People's Forum vs. the IMF/World Bank (IPF) on the Indonesian island of Batam from September 15-17. Envisioned as an alternative space where participants could freely engage in constructive discussion of the IFIs, the event was a rousing success. "The IPF...has successfully demonstrated to the world that many diverse civil society organizations and social movements can meet in peace and unity, and have meaningful, in-depth and informed discussions on the policies and practices of the IFIs," the conveners declared in a final press statement on September 17.

The forum brought together a diverse group of civil society professionals, activists and concerned citizens to discuss a number of key issues and concerns related to the IFIs, including IFI transparency, debt, private banks, controversial sectors, and corruption. In addition to several large plenary sessions, many of the sessions were interactive skill-shares. The participants also had time to share music, laughter and visions for their work at opening, closing and cultural events.

Meeting notes will soon be available on the IPF website:

[http://ipf.homeip.net/index.php?option=com\\_frontpage&Itemid=1](http://ipf.homeip.net/index.php?option=com_frontpage&Itemid=1). Please send photos you're willing to share to: [ipfsecretariat@gmail.com](mailto:ipfsecretariat@gmail.com)



Noel Cabangon, Filipino singer and activist, sings Bob Marley during International Cultural Night, Saturday Sept. 16, at the International People's Forum in Batam, Indonesia.



A poster made by the Indonesian Student Movement Against Debt displayed during the International People's Forum held in Batam.

## **2. IMF/World Bank Official Events**

Following are summaries of the main points discussed by the Development Committee and IMFC, as well as links to some Civil Society Dialogue presentations and transcripts.

Many civil society organizations did not attend the official events due to the boycott, limiting our ability to compile detailed meeting notes for many sessions.

### **Highlights of the IMFC Communiqué**

*Source: Bretton Woods Project*

<http://www.brettonwoodsproject.org/art.shtml?x=542954>

*On IMF governance reform:* The IMF's board of governors approved the governance reform resolution which included an ad-hoc increase for four countries and a commitment to increase basic votes and adjust the quota formula within two years. The IMFC called on the managing director to provide a status report at the spring meetings April 14, 2007 in Washington.

*On crisis financing:* The IMFC called for further work on the design of a new instrument (a replacement to the Contingency Credit Line) and a concrete proposal by the time of the spring meetings.

*On other issues:* The IMFC expects reports on division of responsibilities between the World Bank and IMF, and sources of IMF income. They urged "further efforts to accelerate growth to help achieve the Millennium Development Goals". Creditors and borrowers were urged to use the IMF-World Bank debt sustainability framework in their lending and borrowing decisions.

September 18: Development Committee

### **Highlights of the Development Committee Communiqué**

*Source: Bretton Woods Project*

<http://www.brettonwoodsproject.org/art.shtml?x=542954>

*On governance:* This was the big battleground of this year's annual meetings. The communiqué questioned the value of the Bank's good governance indicators (the Country Policy and Institutional Assessments, see Bretton Woods Project article on the CPIA), calling on the Bank "to further develop and use disaggregated and actionable indicators". The board took control of the agenda back from president Wolfowitz, stressing "the importance of Board oversight of the strategy as it is further developed". Hilary Benn, UK development secretary, was seen to play a key role, withholding £50 million from the UK contribution to the Bank, pending evidence of further progress in reducing conditionality. This was seen by most observers as a snub to president Wolfowitz over concerns that his anti-corruption agenda would amount to significantly increased conditionality, or a cutting-off of aid to the poorest countries where corruption is a serious problem.

*On middle income countries:* The committee welcomed the Bank's paper on its activities in middle-income countries. This included "more flexible country partnership strategies", increasing lending to sub-national governments, and reducing the cost of doing business with the Bank by "streamlining internal Bank procedures". The committee called on the Bank to develop financing instruments which mix concessional donor support with Bank financing.

*On clean energy:* After heated debate, wherein some countries such as Korea described the Bank as not up to the task of providing financing to combat climate change, the Bank was asked to work in closer coordination with the Global Environment Facility in its continuing work on financing options to support investment in clean energy.

*On education:* The Bank was urged to strengthen its work on measurement of learning outcomes, which came in response to an IEG report which found that the Bank was failing to improve learning in its education programmes (see Bretton Woods Project article on the IEG report). A progress report is to be provided to the board on this point, though no deadline was specified. A call was made for "predictable and long-term funding" for the Education for All-Fast Track Initiative.

## **Civil Society Dialogues: Presentations, Notes, Transcripts**

*Only Civil Society Dialogue sessions with links to presentations, notes or transcripts are included below.*

*Source: World Bank 2006 Annual Meetings webpage.*

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20971214~pagePK:220503~piPK:220476~theSitePK:228717,00.html>

### **De Rato and Wolfowitz Informal Discussion with CSOs.**

September 14, 2006. Transcript:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21053866~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

### **Social Enterprises and Social Development: The Opportunities and the Challenges.**

Organized by the Institute of Policy Studies Singapore.

September 14, 2006. Presentations:

- Social Entrepreneurship: An Asian Perspective- Presentation by L. Dacanay.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Dacanay.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Dacanay.ppt)
- Social Enterprises in the City Setting-Presentation by G. Koh.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Koh.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Koh.ppt)
- The Role of Business & Multi-Stakeholder Partnerships in Development - Presentation by D. Petkoski. [http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Petkoski.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Petkoski.ppt)

### **The Role of the International Monetary Fund in Low-Income Countries.**

September 14, 2006. Links to speakers:

- Mark Plant, Senior Advisor, Policy Development and Review Department, IMF.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Plant.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Plant.ppt)
- Wanda Tseng, Deputy Director, Asia and Pacific Department.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006LICSandIMFTseng.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006LICSandIMFTseng.ppt)

### **Town Hall Meeting with Paul Wolfowitz, Rodrigo de Rato, and civil society organizations.**

September 15, 2006. Transcript:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21055719~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

### **“Poor Women’s Interventions in Global Trade and Commerce – Issues and Implications”**

Organized by Self Employed Women's Association (SEWA).

September 15, 2006. Presentations:

- SEWA – Presentation by M. Dave.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Dave.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Dave.ppt)
- Grass Roots Trading Network -Presentation by R. Kidwai.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Kidwai.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Kidwai.ppt)
- Rwanda Flora: Growing Roses on the Ashes of Genocide -Presentation by B. Gakuba.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Gakuba.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Gakuba.ppt)
- EXIM Bank of India: Role of Private Sector and Bank In Promoting Women and Trade -Presentation by D. Agarwal. [http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Agrawal.PPT](http://siteresources.worldbank.org/CSO/Resources/AM_2006Agrawal.PPT)

- IMF Civil Society Forum -Presentation by M. Klein.  
<http://siteresources.worldbank.org/CSO/Resources/AM2006Klein.ppt>
- Women and Trade Session Outcomes -Submitted by M. Dave.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_WomenandTradeSession\\_Summary.doc](http://siteresources.worldbank.org/CSO/Resources/AM_2006_WomenandTradeSession_Summary.doc)

### **IMF: Rising Inequality in Asia.**

Speaker: Wanda Tseng, Deputy Director, Asia and Pacific Department, IMF.

September 15, 2006. Presentation:

[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006InequalityTseng.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006InequalityTseng.ppt)

### **Governance and Social Accountability.**

Organized by ACFID (Australia) and World Vision International (WVI).

September 18, 2006. Presentations:

- Can 'Community Based Performance Monitoring' Make A Difference - Presentation by F. Tembo.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Tembo.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Tembo.ppt)
- Governance & Social Accountability Mechanisms, Naga City, Phillipines -Presentation by J. Robredo.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Robredo.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Robredo.ppt)

### **Transparency and Poverty Reduction in a Resource Rich Developing Country: Lessons from Nigeria.**

September 18, 2006. Presentations:

- Beyond Publishing: Neiti and the Post-Audit Strategy - Presentation by B. Okogu.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Okogu.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Okogu.ppt)
- The Role of Civil Society in Sustaining Reforms in Nigeria - Presentation by U. Igwe.  
[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006Igwe.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006Igwe.ppt)

### **HIV TREATMENT ACCESS - Affordable Options for Low & Middle -Income Countries.**

Experience in Making ART Treatment Affordable and Available

September 19, 2006. Presentation by D. Malleboyina.

[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Malleboyina.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Malleboyina.ppt)

### **Lessons Learned by the World Bank on Sustainable Development and Infrastructure.**

Civil Society and Multilateral Institutions

September 19, 2006. Presentation by Y. Ransome-Kuti.

[http://siteresources.worldbank.org/CSO/Resources/AM\\_2006\\_Ransome-Kuti.ppt](http://siteresources.worldbank.org/CSO/Resources/AM_2006_Ransome-Kuti.ppt)

## **3. Other meetings and statements**

### **IMF: Shrink It or Sink It!**

A Consensus Declaration and Strategy Paper

*The following document was collectively drafted by representatives of organizations that attended the "Strategy Session on the International Monetary Fund" at the Institute for Policy Studies in Washington, DC, on the occasion of the IMF-World Bank Spring meeting during the third week of April 2006. Further suggestions from endorsers submitted before and at the International People's Forum in Batam, Indonesia at the time of the institutions' annual meetings in Singapore have been incorporated into a revised version. Following is an abbreviated version of the statement.*

The time was ripe for a decisive campaign to shrink or sink the IMF.

The urgency of eliminating the IMF's singularly destructive influence on the lives of peoples and countries in the Global South and former Soviet bloc has not diminished one bit over the 25 years (and counting) of "structural adjustment" and the "Washington consensus." Even as we recognize the crises of confidence, solvency, and mandate facing the IMF, we remain mindful that the institution continues to exert unparalleled control over the economies of dozens upon dozens of countries, and that the world's most powerful countries are scheming to rehabilitate it and even make it stronger.

We have reached an unprecedented moment in the history of the contemporary global economy. The system's pillars are starting to shake, maybe even crack.

- Between June and December 2005, the IMF and World Bank for the first time agreed to support 100% multilateral debt cancellation for some client countries. The plan is inadequate – too few countries, too many prior conditions -- but it represents an important break from past stagnation, and a step forward for campaigners across the world.
- Starting in December 2005, many middle-income countries, including most of the IMF's largest "debtors" – Brazil, Argentina, Indonesia, Colombia, Uruguay, Serbia – announced that they would pay off the IMF's claims ahead of schedule. (Thailand's similar move in 2003 foreshadowed the current trend.) Several government officials have explained their decision as a bid to liberate themselves from IMF domination.
- The unprecedented build-up of foreign reserves, particularly in East Asia, is widely interpreted as being motivated, in part, by the determination to avoid having to turn to the IMF again in case of financial crisis.
- In response, the IMF and the countries that control it have begun to worry about the future of the IMF, both in terms of its solvency and its role. The institution was largely dependent on loan repayments, and those look set to diminish rapidly, with losses predicted soon. And an IMF that doesn't lend to and oversee middle-income countries loses an important function. At the April 2006 IMF/WB meetings, a new mandate for the IMF began to take shape, with the clear intention of salvaging an institution in danger of losing its standing.
- Even as the new role of the IMF is fabricated, it is clear that the forces controlling it – the countries of the G7 and a few others – have different agendas for the institution. Within the U.S., the most powerful single "shareholder," the political and financial elite are split on the utility of the IMF, and there is considerable doubt whether the U.S. Congress would approve a "quota increase" to increase the dues paid to the IMF.
- In July 2006, the "Doha round" finally seems to have collapsed, raising questions about the viability of the WTO and the future dimensions of the global trading system, which the IMF and World Bank have done so much to construct and maintain with their conditions.

The IMF's moment of crisis is our moment of opportunity. Failure to seize it now could indefinitely prolong and intensify the catastrophic consequences of the IMF's power.

Many organizations firmly believe that the world would be better off without the IMF. Others acknowledge the immense damage it has done, but hesitate to call for its abolition out of a commitment to multilateral governance of the global economy, or apprehension of an even more dangerous successor arrangement. But all of those joining in this campaign recognize the urgency of radically reducing the IMF's powers, and of using this moment to make that happen.

Our call is for a campaign to disempower the IMF. We must eliminate its “gatekeeper” function investment in development finance, a powerful role which means its approval is required for developing countries to access aid. We must eliminate its power to impose conditions, such as deregulation, privatization, and service reduction, and an overarching market-fundamentalist paradigm on national economies. And we must develop a practical and just vision for the global economy which leaves the IMF on the margins.

In recognition of the successful strategy to defang the WTO (“shrink or sink”), we are calling for the IMF to be shrunk – its powers reduced. Should that prove infeasible or inadequate, we call for sinking it -- its outright elimination.

Among the likely strategic goals and tactics of the campaign:

- Persuade Southern and ex-Soviet-bloc country governments to refuse to sign new loan agreements or enter into any new programs with the IMF.
- Persuade governments to repudiate the “debts” claimed by the IMF.
- Persuade governments to review, and ideally abandon, IMF-supported programs such as the HIPC debt management scheme, the Poverty Reduction Strategy (PRS) process, and Poverty Reduction & Growth Facility (PRGF) programs.
- Expose, through the media and popular education, the destructive impact of IMF programs and the existence of better alternatives.
- Use innovative advocacy strategies with institutions, governments, parliaments, the private sector, and civil society to build pressure for the marginalization of the IMF.
- Use skepticism in Northern governments to target the PRGF for closure.
- Demand parliamentary hearings as fora to examine and expose the IMF.
- Conduct citizens’ audits of the IMF’s performance and impact, and urge parliaments and other official bodies to do likewise.
- Popularize the option of withdrawing from the IMF altogether.
- Organize popular referenda to demonstrate public rejection of IMF programs.
- Develop a broad consensus about alternative methods of global economic governance.

A major conference on alternatives to the IMF is planned for 2007.

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## **Assessing World Bank Openness: A Transparency Scorecard** **Utilizing the GTI Transparency Charter**

*by Global Transparency Initiative (GTI)*

The Transparency Scorecard utilizes the standards set out in the recently launched GTI Charter to investigate the overall “openness” the World Bank Group, or the World Bank, the International Finance Corporation (IFC), and the

Multilateral Investment Guarantee Agency (MIGA). While the scorecard acknowledges how far the Bank Group has come over the past 15 years, it examines the remaining gaps and persistent problems that exist between the institutions policy and the international transparency and accountability standards.

The Charter outlines nine transparency principles. Each principle is founded on the basic right of individuals and groups to request and access information from all public bodies. Furthermore, the Charter and the Scorecard present the access and circulation of information as the responsibility of the international financial institutions (IFIs) to uphold.

The Scorecard examined the disclosure standards of the Bank Group against the criteria laid out in the Charter. First, it examines the types of information the WBG makes publicly available and whether or not this information provides access to decision-making mechanisms. In this vein, essential criteria such as giving advance notice, disclosing draft information, and opening meetings to the public have been evaluated to ensure that the intended beneficiaries of development funds can influence how funds are used and then monitor whether these funds are meeting development objectives.

It was found that while the WBG allows for the routine disclosure of a number of documents and basic information about each branch of the institution – a notable exception is the lack of public access to WBG contact information -- access to budgetary information at IFC and MIGA is missing. Most World Bank and IFC institutional policies, strategies and guidelines can be found on their websites. Less information is available about the institutions' operations at the country and investment level. Generally, there is limited information disclosed regarding projects under implementation at the Bank, IFC and MIGA and some upstream country analyses conducted by the World Bank are kept confidential.

Second, the Scorecard examines the WBG's disclosure systems in order to determine whether the systems (a) uphold the presumption of information disclosure; (b) establish process guarantees for information requests; and (c) allow for an appeals process in the case of requests that have been unreasonably denied.

For example, the Scorecard found, while the policies of the Bank, IFC and MIGA each state a presumption in favor of disclosure, typically known as a principle of maximum disclosure, this principle is not implemented in practice. Instead, the policies are, in effect, publication schemes which provide a list of information that will be disclosed, while all other information is kept confidential. In this way, the scope of the disclosure policies is limited.

Finally, the Scorecard considers how the right to information is being protected, by evaluating the rules for protecting whistleblowers, the requirements for regular review of transparency standards, and the procedures in place for the active promotion of openness– through corporate incentive programs along with dissemination and translation strategies. Although the Bank Group has some positive features of its whistleblower policy including appropriate burden of proof standards and relief for whistleblowers, there are still several important shortcomings. For instance, the scope of the policy is limited to staff (the WBG's numerous consultants are not covered); there is no truly independent forum for adjudication; and there is no record of the institution's actions to correct and prevent future wrongdoings exposed through whistleblower disclosure.

Also, it is not clear if and when the WBG conducts staff trainings on the disclosure policy and there is no information on how proper implementation of openness principles and rules form part of the staff incentive or evaluation procedures. Furthermore, it is unclear whether sanctions exist for the purposeful violation of the disclosure policy.

Finally, while a records management system exist at each arm of the WBG, only the IFC has clearly indicated that it will track and report on the disclosure of and requests for information.

## Resources:

- A complete version of the Transparency Scorecard is available at, <http://www.ifitransparency.org/resources.shtml?x=46195> .

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## **Call for Global Actions Against the International Financial Institutions**

*At the 2nd South-North International Consultation on Resistance and Alternatives to Debt Domination held in Havana September 2005, representatives of movements and organizations from more than 50 countries agreed on four joint initiatives for the coming years. One of these joint initiatives is the Call for International Actions Against the IFIs in 2006. The initiative was subsequently adopted by the Assembly of Social Movements, gathered in Caracas, Venezuela, in the VI World Social Forum (polycentric) in January, 2006,*

*The following is a sign-on statement that expresses a critique of the role and operations of international financial institutions and calls on social movements, people's organizations, NGOs, citizens groups, community organizations, trade unions and working class organizations, and political movements to wage a concerted campaign against the IFIs on a common platform, and organize coordinated mobilizations in as many countries as possible leading up to and culminating during the week of the Annual Meetings in September 2006.*

September 14-20, 2006

For more than sixty years, the International Monetary Fund and the World Bank together with their partner regional development banks and export credit agencies, have used international finance capital to exercise control and restructure the societies of the South to serve the interests of global private corporations and the economic and geo-political agenda of the few powerful nations that control these institutions.

The resulting effects on people's lives, on communities, on the environment, and on the economic as well as political structures in the South have been profound and over the years have generated numerous resistance struggles against these institutions.

Despite well-documented evidence and countless testimonies to the destruction, displacement and dispossession their policies and operations have caused, these institutions persist in legitimizing their role. In recent years they have declared themselves to be champions of "poverty reduction" and "good governance".

This year, 2006, we pledge to intensify our struggles against these institutions and raise the level of international coordination and concerted action. In particular, we commit to organizing different forms of mobilization and direct action in many countries across the globe during the week of the IMF and WB Annual Meetings, September 14-20, 2006. This will include various activities and actions in the vicinity of their meetings in Singapore.

**\*WE CALL\*** on all people's organizations, social movements, labor movements, women's movements, farmers groups, first peoples, religious and cultural groups, community organizations, NGOs, political forces, and all concerned citizens around the world to join us in mounting vigorous actions that will focus the world's attention on the destruction and human rights violations caused by the IMF and World Bank, the regional development banks, export credit agencies, and the neoliberal global system they enforce.

Our actions will identify issues and articulate demands that reflect the particular impacts of these institutions on each of our countries but will also be united on the following global demands:

**1. Immediate and 100% cancellation of multilateral debts as part of the total cancellation of debts claimed from the South, without externally imposed conditionalities.**

The inhuman and destructive consequences of debt domination which the international financial institutions play a major part in perpetuating are evidence against the outrageously deceitful claim of these institutions that they are working for “poverty reduction” and “financing for development”.

Debt relief initiatives of international financial institutions have to date covered only a very small part of the debt claimed from the South. Worse, these initiatives come with conditions that undermined the sovereignty of people to determine their own path of development, have proven harmful to livelihoods and the environment, and keep South economies tied to the interests of global private profit.

Cancellation of only a small part of the debt may release some funds that can be used for basic services but does not free the South from debt bondage. Debt cancellation must be 100%.

And for immediate action, we highlight the especially urgent cases - most of Africa, Haiti, Nepal, Tsunami-hit countries and others recently devastated by natural calamities, countries ravaged by war, societies overwhelmed by HIV/AIDS, and others experiencing severe social, financial and economic crisis.

We reject the international financial institutions’ debt sustainability framework. There is no level of debt that is “sustainable” in a global economic system that is founded on domination and exploitation of the peoples, economies and resources of the South. This framework is a means by which these institutions justify maintaining the “indebtedness” of Southern countries.

The insistence on their “debt sustainability framework” is also a refusal to address the more fundamental question of the illegitimacy of the debt claimed from the South. Peoples of the South should not be made to pay for illegitimate debts -- debts they have not benefited from, debts that financed projects that have caused displacement of communities and damage to the environment, debts wasted on corruption or failed projects, debts contracted through undemocratic and fraudulent means, debts with grossly unfair terms and harmful conditions, odious debts incurred by dictatorships, debt contracted in the context of exploitative international economic relations, debts for which peoples of the South have paid many times over.

Though the financial debts claimed from the South are of staggering amounts, totaling more than US\$2.3 trillion dollars, the North in fact owes the peoples of the South a far, far greater debt. It is the historical, economic, social, and ecological debt accumulated over centuries of plunder and exploitation by North with the collaboration of Southern elites.

The IMF and the World Bank should bear the costs of writing off debts owed to them by using the World Bank’s loan loss provisions (valued at US\$3 billion as of June 30, 2005) and retained earnings (valued at US\$27 billion as of June 30, 2005) and IMF gold stocks. With the market price of gold surpassing US\$600 an ounce, the IMF’s 103.4 million ounces of gold are worth more than US\$60 billion, rather than the US\$9 billion recorded on the IMF’s books.

## **2. Open, transparent and participatory External Audit of the lending operations and related policies of the International Financial Institutions, beginning with the World Bank and IMF.**

Debt campaigns, movements, people’s organizations, and NGOs are now involved in preparing for and conducting country-level independent Citizens’s Audits of Debts claimed from South countries as well as calling on South governments to conduct transparent, open and participatory Government Audits (e.g. Parliamentary) of these debts.

These audits are aimed at examining the origins and causes of the debt problem, taking stock of effects and impacts, bringing to light the dubious and illegitimate character of the debts, identifying responsibility and

accountability, and establishing and strengthening the basis for urgent changes in national policies on the debt and related issues.

We challenge the international financial institutions to subject themselves to similar independent audits of the loans they have released, their lending policies, processes and operations, and the terms and conditionalities that have accompanied these loans, and take stock of the effects and impacts. Such audits should look into the culpability and accountability of these international financial institutions, and assess what restitution and reparations must be made.

The international financial institutions have recently been stepping up efforts to portray themselves as champions of good governance, including the announcement of renewed efforts and strategies to fight corruption. We challenge these institutions to begin with themselves and examine how they have been involved in creating and exacerbating the problem of corruption. External, independent audits of their loans, lending operations and conditionalities should include this question. Further, corruption must be seen as a systemic problem that also involves the private sector, especially transnational corporations.

### **3. Stop the imposition of conditions and the promotion of neoliberal policies and projects.**

Through the conditions attached to their loans and programs, the IMF and World Bank have succeeded in restructuring the global economy. The widespread use of “structural adjustment programs” from the early 1980s in countries with significant debt, poverty, and financial problems has forced most of the South countries’ economic policies to ape those of the industrialized countries, regardless of how inappropriate those policies may have been for the countries’ development needs. Because of the imposition of neo-liberal policies on countries desperate for access to credit, peoples across the South now confront economies oriented to export production rather than providing for local markets, devastated manufacturing sectors, a large percentage of economic actors in foreign hands, valuable public assets privatized, health and other social sectors crippled by decades of de-funding, environmental resources devastated by over-exploitation, small farms and businesses wiped out by denial of credit and subsidies, and massive unemployment.

Our struggle against debt domination is waged in large part to win freedom from the conditions that indebted governments are blackmailed into accepting. For the September 2006 actions we demand:

#### **a. In this 50th anniversary year of the International Finance Corporation (IFC), the IFIs end the promotion of privatization of public services and the use of public resources to support private profits.**

The IMF and especially the World Bank have been the main drivers in the global push for the privatization of basic services. They are joined by other financial institutions like regional development banks and export credit agencies.

The international financial institutions promote privatization of public services through policy conditions and policy advice, financing of projects that pave the way for privatization, providing technical assistance in the preparation of feasibility studies as well as the process of implementation, and even direct support for private companies taking over public utilities. The International Finance Corporation plays a major role in providing risk guarantees as well as equity assistance for these private companies, and facilitating government bail-outs of privatized utilities in distress.

The continued emphasis on privatizing basic services such as water provision - or, when no company is interested in purchasing the utility, arranging leases and service contracts - and the “commercialization” of even life-saving agencies such as those managing food reserves reflects a fixation on markets as the only organizing principle for economies even in the face of overwhelming contradictory

evidence. Failure after failure of water privatizations in the South has not deterred the IFIs from their mission to wrest assets from public ownership.

Our message to the IFC and its multilateral partners is clear: no more public resources for support of private profit.

**b. Stop IFI funding and involvement in environmentally destructive projects beginning with big dams, oil, gas and mining and implement the major recommendations of the Extractive Industries Review.**

The international financial institutions are also presenting themselves as leading in the fight against climate change and environmental destruction. However, no amount of clever rhetoric about stronger commitments and new strategies can hide the fact that many projects designed, driven and supported by international financial institutions violate the already watered-down standards and safeguards avowed by these same institutions and cause massive environmental as well as social problems.

The World Bank is itself a major ecological debtor, having funded major projects such as hydro-electric dams, mines, pipelines and petroleum exploration and development projects which have displaced populations and wrought major environmental damage. The World Bank has refused to implement major recommendations of its own Extractive Industries Review including 1) the principle that communities faced with resource extraction projects must give free, prior and informed consent, 2) and the phase out of investment in hydrocarbon extraction projects.

The World Bank's attempt to claim leadership on the issue of climate change with the application of its development of carbon credit trading is another tragic example of market fundamentalism. Entrusting the precarious future of the world's climate to the World Bank's clever market solutions distracts the major actors from focusing on the over-consumption that threaten to doom the planet and all who live on it. Meanwhile, the World Bank Group, which claims leadership in developing alternative energy, devotes much greater resources to developing conventional energy sources. Indeed, the World Bank is the world's leading financier of projects producing greenhouse gases.

**c. Immediately stop imposing conditions that exacerbate health crises like the AIDS pandemic and make restitution for past practices such as requiring user fees for public education and health care services.**

IFI policies have aggravated health crises like the AIDS pandemic in a number of ways. Austerity measures have constrained health budgets, prevented the hiring of critically needed teachers and health care workers due to limits on spending for public sector employees, and kept people out of clinics and children away from schools by insisting on user fees. The macroeconomic policies the International Financial Institutions have imposed over the last 25 years - including fiscal austerity, high interest rates, unilateral trade liberalization and privatization of essential services - have led to lower growth rates and fewer improvements in social indicators than had occurred over the two decades between 1960 and 1980.

The IFIs owe an enormous social debt to countries whose public services have been damaged by their policies. Their creditors are the women of South countries, who have had to step in to provide the health care, the food, the teaching, the water, and the other basic goods and services put out of reach by IFI policies. The World Bank and the IMF should pay for free primary education and primary health care as a form of reparations or restitution for the damage their policies have caused.

**As we take to the streets and plazas on September 14 to 20, in Singapore and around the world, we stand united in our call for an end to the destruction visited upon the South by the IMF, the World Bank, the other multilateral banks, and the countries that control them.**

We call upon activists to tell us about their planned activities so that we may publicize them, and about the outcomes of their actions.

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### **Breaking Free: Conference on Alternatives to the International Monetary Fund**

*Sponsored by: Focus on the Global South, Gender Action, Jubilee South, La Via Campesina, and the 50 Years Is Enough Network*

September 17, 2006

The event in Singapore had to be rethought in light of events surrounding these meetings. A week prior to the event, we had found out about a Singapore government blacklist barring some of our number, including all staff of Focus on the Global South. As these were the people who had been doing the logistical work for the event (and were meant to continue doing so) in Singapore, at times it looked as though we may have to cancel the entire event.

By the same token the desire to reclaim some democratic space within Singapore was very strong, and it was decided that some of us who could enter would go and carry the torch for the others. At the 11th hour, we learned that due to our efforts the Singapore government had "un-banned"

22 of the 27 on the official blacklist. Those who were banned refused to accept this measure as genuine, and issued a statement at a press conference in Batam on the 16<sup>th</sup> to make that clear, and to signal that the boycott of the official events would continue. But we decided that two of the "unbanned" -- Joy Chavez from Focus on the Global South and Antonio Tricarico from Campaign to Reform the World Bank - Italy, should come to Singapore to lead off the event with a press conference about the actions of the IMF/World Bank and the Singapore host government.

The event therefore began with two press conferences, one on the banning/boycott situation and one on the substantive matters being discussed at the International Monetary and Finance Committee (IMFC) meetings which were taking place at the same time. Both of these were a success; Joy and Antonio could both be seen on Singapore television that evening, and the business press picked up some of what was said in the the second conference.

The rest of the day was spent discussing how to shrink and sink the IMF, and what a world without the IMF may look like. Among the presenters were Oscar Ugarteche, Filomena Sta. Ana, Martin Kohr and others. For the audience, which included many Singaporeans, the event was a rare chance to engage in discussions about alternatives to corporate-driven economic globalization.

#### **Resources:**

- For a more detailed version of these events, see an article by 50 Years Is Enough veteran and Solidarity Africa Network coordinator Soren Ambrose, available at [www.50years.org](http://www.50years.org)

## 4. Commentary on key topics

### **Green-light for the Bank's Middle Income Country (MIC) strategy**

*By Bruce Jenkins, Bank Information Center*

Alarmed by a decline in lending to middle-income countries (MICs) in the past decade, the World Bank has been adapting its operations and product lines to make it a more attractive, lender with some success: IBRD investment lending has increased by nearly 60% since 2003. However, Bank management is pushing for further steps that would enable the Bank to better compete with commercial lenders in emerging markets.

At its 2006 annual meeting in Singapore, the Bank presented a paper on “Strengthening the World Bank’s Engagement with IBRD Partner Countries” and received a green-light to “tune-up” the IBRD’s business model. Approved initiatives include:

- Unbundling the Bank’s typical integrated loan package (loans backed by analytical work and tied to policy prescriptions) to allow provision of policy and other advisory services on a fee basis, further opening the way for the Bank to expand its international consulting business.
- Further streamlining of internal Bank procedures to reduce the cost of doing business with the Bank.
- Simplification of loan pricing so borrowers can more easily compare the price of Bank loan products to those of other lenders. Management has also proposed waving certain fees to lower its prices.
- Expansion of IBRD lending to sub-sovereign entities without sovereign guarantees (a significant departure for the Bank which has always required governments to secure its public-sector loans). The IBRD would run such operations through the IFC’s balance sheets (IFC does not require sovereign guarantees).
- Expansion of financing vehicles to help MICs that face external shocks (e.g., natural catastrophes, recessions, adverse commodity price swings, etc.). The Bank is looking to expand its pre-approved loan business (known as Deferred Draw Down Options) as well as the creation of a facility to provide catastrophe insurance to member countries.

Bank management’s call to reduce costs through greater reliance on “country systems” – running Bank operations according to the borrower’s regulations and standards rather than the Bank’s own operational policies and procedures – was less than enthusiastically endorsed. At the behest of the United States – which has expressed strong reservations of the country systems approach, especially in the areas of procurement – the Development Committee noted that country systems, while an important element in scaling up development effectiveness, should proceed only where “mutually agreed and verifiable standards are in place,” constraining the Bank’s ability to move more quickly toward reliance on country systems (the Bank’s current country systems pilot program is bogged down on verifying the standards to be used in the four pilot cases).

Going forward, Bank management will develop an action plan to address “internal constraints” on moving toward a more competitive footing with commercial lenders and will present a detailed overview and updates of the MIC program to the Bank’s Executive Directors.

#### **Resources:**

- **Strengthening the World Bank’s Engagement with IBRD Partner Countries**, the World Bank, August 3, 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/DEVCOMMEXT/0,,menuPK:60001663~pagePK:64001141~piPK:64034162~theSitePK:277473,00.html>.
- **A Tune-up for the World Bank’s Business Model?**, by Bruce Jenkins, the Bank Information Center, August 2006. <http://www.bicusa.org/en/Article.2942.aspx>.

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## **How the World Bank's Energy Framework Sells the Climate and Poor People Short**

A civil society response to the World Bank's Investment Framework for Clean Energy and Development.  
By BIC, BWP, CRBM, CEE Bankwatch, FOEI, IPS, IRN, Oil Change International and Urgewald.

The following is the Executive Summary of the report.

In Gleneagles, Scotland, G-8 leaders mandated the World Bank to create a new framework for clean energy and development, including investment and financing. In response to this mandate, the World Bank prepared a report on energy, climate change and poverty reduction for discussion at its Annual Meeting in Singapore in September 2006<sup>1</sup>. Entitled "An Investment Framework for Clean Energy and Development: A Progress Report," the document expands on a draft that was discussed at the Bank's Spring Meeting in April 2006. The Bank's most recent paper completes the first phase of the investment framework. A longer term program of country-level activities and global research is to be completed for the G-8 summit in Japan in 2008. The following report examines the World Bank's investment framework and presents a response from international civil society groups.

For many decades, the World Bank's energy lending has focused on centralized, large-scale, grid-based thermal and hydropower projects and on the privatization of public power utilities. This report shows that in spite of many promises to "green" its energy lending over the past 15 years, the World Bank's energy sector portfolio still fails to reap the double dividend of renewable energy technologies that would fight both poverty and climate change. The Bank continues to invest \$2 to \$3 billion a year in greenhouse gas-producing energy projects, which fuel climate change and fail to help the world's poor. Financing for renewable energy projects makes up less than 5 percent of the Bank's overall energy financing in fiscal year 2005.

The Bank's new framework will continue to sell the climate and poor people short. The April 2006 version of the clean energy investment framework is based on scenarios for global greenhouse gas emissions at levels that would allow "dangerous climate change" as defined by the Intergovernmental Panel on Climate Change. The framework also promotes additional funding for energy technologies that have negative social and environmental impacts, and that will in many cases further contribute to climate change. The framework does not catalyze the necessary massive shift to renewable energy technologies that could create the double dividend of environmental benefits and poverty reduction. The framework's "business as usual" approach will not adequately address climate change, and will continue to keep more than one billion poor people in the dark.

Moreover, the World Bank's lending emphasis on fossil fuels, the lack of transparency in decision-making procedures, the institution's neo-liberal bias, and the fact that voting power at the World Bank is dominated by Northern countries make the World Bank an inappropriate institution to devise global strategies to combat climate change.

In order to decrease energy poverty and make the fundamental changes necessary to avoid dangerous climate change, public funding flowing from the global North to the global South must be redirected away from dirty fossil fuel extraction, and towards renewable energy and energy efficiency and meeting the basic energy needs of the poor.

To achieve the required greenhouse gas emissions reductions and to meet the needs of those lacking modern energy, Northern governments and multilateral and bilateral development agencies should:

- End public subsidies for fossil fuels.

- Step up efforts to meet the basic energy needs of the poor.
- Redirect existing dirty energy financing to renewable technologies and energy efficiency projects via an appropriate multilateral framework or agency.
- Adopt aggressive targets for greenhouse gas emission reductions.

**Resources:**

- Read the full report: <http://www.bicusa.org/en/Article.2954.aspx>

**Wolfowitz's anti-corruption plan receives lukewarm reception at Annual Meetings**

*By the Bank Information Center*

The Governance and Anti-Corruption Framework was one of the most controversial items on the Development Committee's agenda at this year's meetings. Although many agree on the negative impacts of corruption, opinions diverge on how the Bank should address this broadly recognized "development cancer".

World Bank President Paul Wolfowitz has made corruption a defining theme of his first year in office, arguing that the leakage of development funds is "one of the biggest threats to development in many countries". In addition to halting hundreds of millions of dollars in World Bank lending to projects in Kenya, Congo, India, Yemen, Argentina and Cambodia, he has taken steps to overhaul the Bank's own internal unit for addressing corruption – the Department of Institutional Integrity.

In response to the seemingly subjective approach Wolfowitz has taken to handling the issue, the Development Committee asked Bank management to present a clear framework for stamping out corruption at the Annual Meetings.

**Leading up to Singapore.** Early drafts of the framework were broad and immodest, proposing unwieldy engagement on numerous fronts and positioning the institution as something of a global policeman against corruption. Concerns were also raised about inadequate attention paid to the Bank's need to clean up its own act, for example through more timely and complete information disclosure, enhanced whistleblower protections, and overhauling of the perverse staff incentives centered around a 'pressure to lend' culture. Many civil society representatives were furthermore displeased by the sporadic public release of drafts of the framework, and the rushed and ad-hoc consultation process pulled together prior to the meetings.

**What happened at the meetings?** The dust is still settling from the Development Committee meeting, but it appears that the framework draft was approved. An important modification to the proposed strategy was that the effort be overseen by the Bank's Board, thus checking the influence of Wolfowitz's camp. "Given the importance of this issue, we stressed the importance of Board oversight of the strategy as it is further developed and then implemented, and we look forward to a report from the Board at our next meeting," the Committee noted.

**Moving forward**

The Bank's Board of Executive Directors approved a **Work Plan** on November 9, which outlines next steps including a consultation strategy and the initiation of an independent review of the Department of Institutional Integrity. Bank Management will present progress reports to the Board in both January and March 2007, and will more formally report at the April Spring Meetings.

The **consultation process** opened on November 13, 2006, and will continue until the end of January 2007. Consultations will be facilitated by World Bank Country Offices. Visit the Bank's website for instructions on how to comment: <http://www.worldbank.org/html/extdr/comments/governancefeedback/>

### **What people are talking about:**

While this is by no means an exhaustive list or treatment of the issues, following are some key points of concern for civil society groups monitoring the development of the strategy:

- **The appropriate role for the Bank:** The Bank may have a particular role to play in fighting corruption and promoting good governance. However, other entities and organizations are better prepared to handle and advise many aspects of the fight. Although the Bank has voiced interest in collaborating with other actors, the strategy currently assumes an overly ambitious role for the institution. Furthermore, the Bank must not lose sight of its poverty reduction mission.
- **Governance and corruption:** Fighting corruption is one component of good governance. Many have criticized the framework for its rough blending of the two and subsequent lack of attention to other important aspects of good governance, including national democratic processes and citizen participation. Good governance can also include issues regarding human rights; the Bank's role in this area is highly controversial and/or unclear.
- **Conditionality:** Debate continues over what are appropriate requirements (conditionalities) for donors to place on governments as conditions for access to aid resources. Past controversies over onerous economic and policy conditionalities are resurfacing in the context of potential governance conditionalities.
- **Department of Institutional Integrity (INT) Review:** The Board specifically asked for an independent review of INT in the Work Plan, and it will certainly draw the attention of many monitoring the strategy. Paul Wolfowitz has increased INT's capacity and given it a more proactive mandate since taking office. However, his appointment of controversial Republican ally Suzanne Rich Folsom to head the department has raised eyebrows.
- **Debt:** Concerns focus on past and continued lending to corrupt regimes, establishing systems to ensure that debt relief benefits the poor, and removing conditionalities from debt relief. Countries must also address the outflow of stolen assets from developing nations. Some thorny questions arise in the discussions on debt and corruption, including whether and how the Bank should continue to engage with highly corrupt regimes.
- **Transparency:** Transparency in both Bank and country operations is critical to fostering the demand side of good governance, and the institution must pay adequate attention to both. Many groups see the anti-corruption strategy as an opportunity to renew long-standing calls for increased transparency in project preparation and implementation.
- **Extractive industries:** Oil, gas and mining projects are highly vulnerable to corruption and prone to poor governance, the impacts of which fall disproportionately upon the poor and the environment. Many are watching whether the Bank's strategy will increase transparency and accountability in the sector, arguing that it should more robustly address concerns ranging from tracking budgets and revenue streams, to identification and development of projects.
- **Infrastructure:** The Bank is increasing investments in large high-risk infrastructure projects, and has recently merged the Environment and Infrastructure Departments into a new Sustainability

Network. The framework needs to aggressively address how projects are selected in problem sectors and ensure the release of supervision reports throughout project implementation.

- **Private sector, particularly northern companies:** The responsibility of the private sector for corruption and its role in fighting corrupt practices and promoting good governance is underplayed in the current strategy. Increased focus on the role of the private sector acknowledges both the supply and the demand sides of corruption.
- **Whistleblower protections:** The Bank is currently revising its whistleblower protection system. While not officially a part of the anti-corruption strategy, these protections are an essential component to promoting accountability inside the institution.
- **The details:** The strategy suggests the creation of several specific new mechanisms, including anti-corruption teams and governance diagnostics. Development and consistent application of these mechanisms is a key concern.

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## **IMF quota reform poses risks to developing countries**

*By Peter Chowla, Bretton Woods Project*

November 23, 2006

During the annual meetings in Singapore the board of governors of the Fund passed a resolution (see [Update 52](#)) that sets in motion a two-year quota reform process which may end up eroding, not enhancing, the voice of developing countries in the institution.

The resolution – which included ad hoc quota increases for four countries (China, South Korea, Turkey and Mexico) and commitments to revise the quota formula and increase the level of basic votes – was approved by IMF members accounting for 90.6 per cent of the voting rights. The proposal requests that the executive board put forward concrete proposals for the new quota formula and the size of the basic vote increase before the annual meetings in 2007, and sets hard deadlines of spring 2008 for the quota formula review and fall 2008 for the basic vote agreement.

It was reported that 23 countries voted against the measure, including India, Argentina and Brazil. India has been the most vocal critic of the proposed changes, arguing instead for all changes to be adopted together as opposed to stretching the process out over two years. Indian finance minister Palaniappan Chidambaram said, “We were not in favour of any ad hocism including the proposed two-stage process based on a hopelessly flawed formula. We believed that all reforms – new quota formula, realigning country quotas, and increase in basic votes – could have been adopted simultaneously as a package.”

### **Basic votes inadequate**

Most developed countries have trumpeted the commitment to “at least a doubling of the ‘basic’ votes”. Basic votes, which are allocated to every country and are not tied to the quota formula, have dropped from over 11 per cent of total votes at the time of the Fund’s inception to just 2.1 per cent now. Because developing countries outnumber developed countries in the Fund, increasing basic votes boosts their share of the total vote.

However, even a trebling of basic votes, which has been called for by numerous governors in their speeches to the International Monetary and Finance Committee (IMFC), would do little to affect the distribution of power or change decision making procedures. No proposal for changing the basic votes would prevent industrialised economies from maintaining their majority of voting weight.

**Table 1: Impact of basic vote increases**

Country Group	Before Singapore	Trebled basic votes	Basic votes at 10% of the total
Advanced economies	61.94%	59.61%	58.14%
of which the US	17.08%	16.14%	15.62%
Africa	5.68%	6.44%	7.13%
Asia	9.34%	10.23%	10.45%
Middle East, Malta & Turkey	7.67%	7.68%	7.72%
Latin America and the Caribbean	7.69%	8.19%	8.50%
Transition Economies	7.69%	7.84%	8.07%

### **Regressive formula**

The change in basic votes will be tied to agreement on "a simpler and more transparent" quota formula. The real worry for developing countries is that the new formula will actually lower their share of the total vote. While the factors to be included in a new formula will be the subject of negotiation over the next year, the US, the EU and Japan all agree that GDP at market exchange rates should be the predominant factor. While the US has left room to consider absolute variability of the current account, the EU prefers a formula based on openness to trade.

In either formulation, combining a two-factor formula with a trebling of basic votes would actually decrease the voting power of developing countries from their current share of about 30 per cent to ranges of approximately 20 per cent to 25 per cent of the total. While the US has committed to forgoing any quota increase that it may be entitled to under a revised formula, no other developed country has been willing to do the same.

In fact, the EU has stated the opposite. In a draft position document leaked to newswire Bloomberg, EU member states refused to swear off increases to their quotas. They have also rejected using current account variability as a factor in a new quota formula. They have also looked to delay quota adjustments from any new quota formula, arguing that adjustments should be drawn out over decades and only in the context of an increase in total quota due to insufficiency of Fund resources. Finally they have rejected any moves to link reform of quotas to reform of the executive board.

### **Board reform off the table**

While commentators have called for a 'grand bargain' on IMF governance reform (See Updates 48, 51), powerful members have resisted anything but the smallest changes to the executive board. The recent quota reform proposal only called for more staff resources and more than one alternate executive director (ED) for large constituencies.

These minor changes do not address the imbalance in board representation which sees Europeans hold one-third of board chairs. Europeans have consistently sought to protect their privileges at the IMF, and refused to link board and quota reform. The board also continues to refuse to publish voting records or transcripts of board meetings.

The board's poor functioning and imbalance has prompted the New Rules for Global Finance Coalition to convene a high-level panel on IMF board accountability. The panel – which includes former EDs, academics, IMF officials and representatives from civil society – will publish its recommendations in January.

**Find out more:**

- IMF quota reform is inadequate, reaction to IMFC communiqué, Bretton Woods Project <http://www.brettonwoodsproject.org/art.shtml?x=543245>
  - Tinkering at the edges of governance reform: IMF quota proposals, Bretton Woods Project <http://www.brettonwoodsproject.org/art.shtml?x=542308>
  - Read the full paper: <http://www.brettonwoodsproject.org/art.shtml?x=545872>
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**NGOs criticize outcome of IMF-World Bank meeting**

*By Celine Tan, Third World Network*

Originally published in Third World Economics, Issue No. 385

September 20, 2006

Representatives of non-governmental organizations have criticized the negligible results of the annual meetings of the International Monetary Fund and the World-Bank (which ended 20 September) ) which they said were grossly inadequate to deal with the massive problems of financial instability, debt, poverty and economic imbalances plaguing the world today.

They also attacked the lack of democracy and participation, manifested by the scandalous treatment meted out to NGOs at the present meetings in Singapore, as well as the lack of basic changes in the decision-making structures of the two institutions, despite the positive "spin" that the IMF secretariat had tried to put on the decision adopted by the IMF Board to raise the quota shares of four countries.

The NGOs were presenting their views at a press conference at the venue of the World Bank-IMF meetings. The NGOs were also launching the 2006 report of Social Watch, which is the product of year-long investigations by over 300 civil society groups across more than 60 countries. The meeting was attended by representatives of the media, NGOs and some delegations.

Roberto Bissio, coordinator of Social Watch, criticized the IMF and World Bank for their failure to ensure the security and participation of NGO representatives at the meetings. That the Singapore authorities could unilaterally determine which NGOs could enter the country to take part in the meetings, and that they subjected so many individuals to detention, interrogation and some to deportation, was scandalous.

Bissio said the attempts through recent years of the two institutions to engage with civil society had now been severely damaged not only by the shabby treatment by the Singapore authorities that hosted the meetings, but also by the failure of the leadership of the World Bank and the IMF to ensure the security of NGO participants from detention and deportation, and that they could participate either in events at the venue of the IMF-World Bank meetings, or at their own NGO events.

The attempts in recent years by the two institutions to engage civil society had been severely damaged, perhaps beyond repair, as NGOs had been outraged and totally disillusioned by their Singapore experience.

At a "town hall meeting" of NGOs with the IMF managing director and the World Bank President prior to the start of the annual meetings, Bissio had told the two agencies' leaders that the treatment of NGOs was totally unacceptable and he challenged them to hold the meetings at another venue in view of the Singapore authorities' refusal to meet their obligations as host.

Third World Network director Martin Khor said that there were vital roles for a multilateral system on finance and development, but that the Fund and the Bank were not fulfilling those required roles, and instead had contributed to the present serious problems.

As a result of the seriously flawed global financial system, finance was not serving the real economy in terms of channeling savings for productive investment that will lead to job creation and the satisfaction of basic needs, but has instead become an instrument for those who want to profit from speculation.

As a result, there is little correlation between finance capital and the real economy, leading to disruption in the international financial system and manifesting in crises and instability in developing countries.

The IMF had been created to ensure global financial stability and it had originally overseen a system that regulated international capital flows and that had fixed exchange rates. However, it abandoned this framework in the early 1970s, and instead contributed to an acceleration of financial liberalization that enabled volatile flows of funds and financial crises around the world.

According to Khor, the IMF should return to its original task of ensuring financial and currency stability, and discontinue its provision of advice and conditionalities relating to development and structural issues, which was not in its original mandate, which it was not equipped to undertake and in which it had made disastrous mistakes that proved costly for many developing countries.

Due to the skewed distribution of equity and votes that overwhelmingly favoured the developed countries, the two institutions were able to impose policy conditionalities in a rapidly increasing number of areas. As most of the policies were inappropriate for development, many developing countries suffered economic stagnation or recession.

After more than two decades of bad experiences and draconian conditionalities, most developing countries dread having to borrow from the IMF and an increasing number are pre-paying their loans so as to free themselves from dependence and conditionality.

As a result of this declining business and of the poor record, the IMF is going through a legitimacy and financial crisis, and this prompted the Secretariat to initiate the so-called reform of quotas in the hope this would draw back the developing countries into the Fund.

However, said Khor, the decision made at this meeting had not resulted in any basic change as only four countries had seen their quota increase and even then by only a minuscule amount, while other developing countries had seen their quota shares actually declining.

Even if the proposed second phase of reforms were implemented, it was unlikely that the developed countries which now hold the overwhelming share of votes would agree to surrender their dominant control, and the developing countries would only make marginal progress, while some might actually lose out.

An inability to come to an agreement might even stretch the negotiations to many more years. Meanwhile, there were so many issues relating to finance and development that require attention and action, which are unlikely to be resolved.

This view was shared by former financial trader, Sony Kapoor who is now policy advisor to Christian Aid. Kapoor highlighted the fact that instability in the international financial system was caused largely by the fact that decisions on capital markets are no longer made based on economic fundamentals but on market sentiment and that the incentives of participating in the financial system has been driven largely by the need for short-term profit at the expense of longer term development objectives.

Finance, instead of existing as a facilitator of the real economy, has evolved to serve its own interests as it had become more profitable to make money through financial transactions than to take part in the real

economy. This is detrimental to developing countries which do not control the instruments of international finance, he said.

Kapoor said the current discussion on the quotas had distorted the picture of the real problem, which was the lack of decision-making power of developing countries and the lack of an adequate global financial architecture.

The global architecture issue had been narrowed down to the role of the Fund and the Bank, and the question of the governance of these two institutions had been narrowed to the quota shares of countries. This had again been narrowed down to whether countries' present shares reflected their shares of economic power or GDP, rather than on other criteria such as the effects that the financial system had on a country, in which case the poorer countries would have greater shares.

He said that the current exercise in quota reform would most likely have little effects on governance of the IFIs or the financial system, and little significance to the lives of ordinary people in developing countries.

The panelists concurred that the main problem with the lack of resources for international development is that the poor has ended up subsidizing the rich in an asymmetrical system of financial transfers, compounded by the unfair trade rules. This is exacerbated by the continuing lack of representation of these countries in the trade and financial institutions which control these trade and financial regimes.

The panelists also referred to several chapters of the Social Watch report, which is the product of year-long investigations by over 300 civil society groups in more than 60 countries. Social Watch's main activity is to monitor progress (or the lack thereof) of the implementation of development goals agreed to in the various recent United Nations summits.

The annual Social Watch report challenges common indicators of human development used in other (official) reports and provides an alternative framework for analysing country progress in various areas of development.

The 2006 Social Watch report highlights the fact that financial flows from developing countries to developed countries outweigh financial flows from developed countries to developing countries due to the asymmetrical nature of the international financial architecture as well as the imbalanced trading system.

The report also found that instead of offsetting the negative flows of funds, the IMF and World Bank are contributing to this trend as developing countries in recent years have been paying more to these institutions than the funds they are obtaining from them.

These negative net transfers of funds from the Bank and the Fund have meant that the two institutions are no longer contributing development finance but instead are detracting from it. (See details below).

The report found that over the past 20 to 30 years, southern countries have seen 'money flowing out in the form of debt interest payments, unfair trade relations and massive profits siphoned out of their economies by foreign corporations' and called for a redesigning of the current international financial architecture and trading system which has facilitated such unfair rules of economic engagement.

According to the report, 'since 1984, net transfers to developing countries (the result of inflows and outflows in the form of debt service) have been negative in all but three years'. For example, in 2003, low-income countries received grants of about US\$ 27 billion but, at the same time, paid out US\$35 billion in debt service. Sub-Saharan Africa has seen its debt stock rise by US\$220 billion in spite of paying off US\$296 billion of the US\$ 320 billion it has borrowed since 1970.

This situation is exacerbated by unfair trade practices and trade rules which work against developing countries. Trade restrictions in rich countries cost developing countries around US\$100 billion a year with Sub-Saharan African countries losing US\$2 billion a year from protectionist policies in the north.

Meanwhile, more than 60 percent of international trade are made up of intra-firm trade between subsidiaries of multinational enterprises and these chains exploit the globalized nature of the world economy by channeling money through practices such as mis-invoicing and transfer pricing and taking advantage of tax havens and low-tax jurisdictions.

The report found that between US\$ 200 billion and US\$350 billion are transferred out of developing countries using such mechanisms, compounded by the fact that around US\$11.5 trillion of the private wealth of the world's wealthiest citizens are currently held in tax havens, largely undeclared and untaxed, in their countries of residence.

The conclusions of the Social Watch report contradict commonly held perceptions that rich, Northern countries are paying for development in the South and instead, demonstrate the real resource drain from the south to the north.

This is captured in the metaphor of an impossible architectural waterfall where 'water that seems to be falling actually flows up, against all rules of logic', the report argues. According to the report, for every US\$1 that goes into developing countries, US\$10 comes out as capital flight and it is estimated that developing countries lose more than US\$500 billion each year 'in illegal outflows which are not reported to the authorities and on which no tax gets paid'.

This asymmetrical situation has been detrimental to the ability of developing countries to generate sufficient resources to satisfy the basic needs of their citizens as well as exacerbating the income inequalities between and within countries.

Excluding China and India from the mix, the report finds that poverty has actually increased in the past decade and currently, more than a billion people worldwide live on less than US\$1 a day and 2.6 billion people live on US\$2 a day or less.

These figures are starker when individual country cases are considered with many countries demonstrating high levels of persistent poverty, in spite of increased aid flows. For example, in Bangladesh, Uganda and Zambia, poverty stagnation has been very high at 36, 85 and 64 percent respectively, calculated over two periods between 1990-1994 and 1999-2000.

The report found the Bank and Fund highly complicit in the leakage of finances from developing countries to developed countries. Since 1991, net transfers (disbursements minus repayments minus interest payments) to developing countries from the International Bank for Reconstruction and Development (IBRD), the arm of the Bank which lends to middle-income countries, has been negative and since 2002, net disbursements have also been negative.

Accordingly, 'taken as a whole, IBRD is not making any contribution to development finance other than providing finance to service its outstanding claims', argues one of their report authors, Yilmaz Akyuz.

At the same time, the IMF's Poverty Reduction and Growth Facility (PRGF) which lends to low-income countries is the only instrument the Fund uses to disburse development assistance to developing countries and the amount of financing from the facility is limited, representing US\$9,900 billion or ten percent of total outstanding IMF credits.

The Fund is similarly experiencing a net negative transfer of resources from developing countries as middle-income countries have pre-paid their debt to the IMF, a situation which has left the institution in a state of crisis and in need of reforms, such as those relating to governance of the institution, to reclaim its legitimacy.

**Find out more:**

- The Social Watch report entitled 'Impossible Architecture: Why the Financial Structure is Not Working for the Poor and How to Redesign it for Equity and Development' can be found at: <http://www.socialwatch.org/en/informeImpreso/tablaDeContenidos2006.htm>
- Read the article:

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## **Comments on Gender Equality as Smart Economics: A World Bank Group Gender Action Plan (GAP) (Fiscal years 2007-10)**<sup>1</sup>

*By Elaine Zuckerman, Gender Action*

Every few years, the World Bank delivers a new gender action plan, strategy and/or policy to provide guidance on gender issues to Bank staff -- that we collectively call "gender guidelines". New gender guidelines follow the arrival of new managers of the Bank's gender unit.<sup>2</sup> This is true of the new GAP. Each new gender guideline improves upon the previous one. The GAP is no exception. "Gender Equality as Smart Economics" is the Bank's strongest, most persuasive gender guideline yet.

Gender Action dedicated an entire publication to analyzing and critiquing the Bank's previous gender guideline, inaugurated by the previous gender unit head.<sup>3</sup> These comments demonstrate that GAP responds to many past Gender Action criticisms -- on paper.

GAP's embracing many past Gender Action critiques indicates that our work is having an impact on Bank rhetoric, policies and guidelines. But we cannot celebrate so long as there is little progress in "engendering" investments and ending Bank loan conditionalities that deepen and feminize poverty. The Bank's rhetorical response to civil society criticism in the GAP follows a pattern experienced by the maturer environmental campaign on the Bank (ECB).<sup>4</sup>

One hopes that the GAP will be instrumental in ending the Bank's role in perpetuating gender discrimination. But history provides little cause for optimism. To date, the Bank's many gender guidelines, prepared by the Bank's small core of dedicated gender experts, have hardly been implemented by most Bank non-gender experts.<sup>5</sup>

Gender Action is an advocacy campaign to eliminate (1) the disconnect between the Bank's persuasive rhetoric and research on the need to abolish gender gaps to reduce poverty and achieve growth and the

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<sup>1</sup> The World Bank's Gender Action Plan (GAP) was launched at the September 2006 annual World Bank-International Monetary Fund meetings in Singapore.

<sup>2</sup> See Gender Action's "Reforming the World Bank: Will the New Gender Strategy Make a Difference? A Study with China Case Examples", 2003 and an updated version, "Reforming the World Bank: Will the Gender Strategy Make a Difference? A Study with China Case Examples", 2005. Elaine Zuckerman and Wu Qing. Heinrich Boell Foundation. This Gender Action publication reviewed the World Bank's previous gender guideline, "Integrating Gender in the World Bank's Work: A Strategy for Action". World Bank. 2002.

<sup>3</sup> Gender Action 2005, *ibid*.

<sup>4</sup> Launched in 1982, the continuous, large ECB achieved significant gains including the creation of the mandatory Environmental Safeguard Policies and the Inspection Panel. Bank loans to this day however try to circumvent these mechanisms and Bank loan conditionalities also undermine environmental safeguards, keeping the ECB on its toes.

<sup>5</sup> Gender Action 2005 and other publications and press clippings at [www.genderaction.org](http://www.genderaction.org).

neglect to do so in Bank investments, and (2) Bank loan conditionalities that deepen poverty, especially among women who already constitute seventy percent of the world's poor.<sup>6</sup>

Is GAP another in a series of well-intentioned commitments to address gender discrimination in Bank operations?

In reviewing the GAP, the following issues should be considered:

**Women's Rights and Business Case.** Remarkably the Bank's GAP hardly mentions "women's rights". This is because GAP boasts repeatedly that it makes the "business case" for empowering women -- as did the Bank's previous gender guideline.<sup>7</sup> GAP's stated objective is to make "markets work for women". Doing so is critically important. However, GAP entirely neglects the most important argument for empowering women: achieving women's human rights. GAP mentions the word "rights" only twice: both times in a list of regional priorities stating that the Bank's Latin America and Caribbean region's analytical work and technical assistance (TA) focuses on many issues including property rights and citizenship rights. These references neither specify women's rights, nor refer to Bank lending except implicitly via TA that loans often marginalize. When an International Finance Corporation (IFC) staff member asked Nobel Laureate Amartya Sen whether he agreed that the [GAP] strategy to increase women's economic empowerment is the best means to improve society as a whole, Sen replied that it ignored the key moral reason to empower women -- to provide women equal rights with men. Sen asserted that the moral dimension is essential for achieving human development.<sup>8</sup>

GAP's business case befits a bank. But GAP lacks a human rights approach essential for a development institution with a mission to reduce poverty.

GAP prioritizes engendering the economic sectors including agriculture, private sector development, finance and infrastructure -- energy, transport, mining, Information and Communications Technology (ICT), and water and sanitation. GAP's approach is implicitly premised on the Bank's current strategy making infrastructure the motor of development. This strategy primarily benefits transnational corporations largely because of the Bank's procurement system bias, rather than the poor who are mostly female.

Moreover, Gender Action demonstrates that the gendered impacts of Bank economic sector policies have been harmful, as the next section explains.<sup>9</sup>

**Policy-Based Loans.** As the first Bank gender guideline to emphasize the need to mitigate the gender-differentiated impacts of policy-based loans, GAP addresses a constant Gender Action critique about the Bank's neglect to do so.<sup>10</sup> Although somewhat buried on page 10, GAP proposes "mainstreaming gender" (see Mainstreaming Gender section below) into "policy operations (Development Policy Lending and Poverty Reduction Support Credits)". This would mark significant progress if GAP also repaired the Bank's Operational Policy (OP) 4.20: "Gender and Development" upon which GAP says it builds. OP 4.20 contains a footnote that excludes "development policy loans" from its objective to address gender disparities and

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<sup>6</sup> See Gender Action's Gender Guide to World Bank and IMF Policy-Based Lending, forthcoming, December 2006.

<sup>7</sup> World Bank 2002; *ibid*, footnote 2.

<sup>8</sup> Amartya Sen presentation, "The Gender Perspective: What Difference Does It Make?" at the Irene Tinker Lecture Series, co-sponsored by the International Center for Research on Women and the Wolfensohn Center of the Brookings Institution, October 11, 2006.

<sup>9</sup> October 11 address.

<sup>9</sup> See Gender Action December 2006, *ibid*; and Vladislavjevic, Aleksandra and Elaine Zuckerman. 2004. Structural Adjustment's Gendered Impacts: The Case of Serbia and Montenegro. Gender Action. <http://www.genderaction.org/images/Gender-SALs-Serbia&Mont.PDF>.

Gender Action 2005, *ibid*.

<sup>10</sup> Gender Action 2006 *ibid*.

inequalities in Bank loans. This footnote undermines GAP's intention to tackle policy-based loans. It is critical to remove OP 4.20's policy-based loan exemption since mandatory Bank OPs are the only policies to which civil society can hold the publicly-owned Bank accountable.

**Millennium Development Goals (MDGs).** GAP states that it aims to promote economic development and attain the MDGs. As ActionAid and Stephen Lewis so brilliantly demonstrate, Bank economic policies sabotage achieving the MDGs including (1) universal education in a world where two thirds of the 100 million children not attending school are girls, and (2) combating HIV/AIDS that is devastating Africa where victims are overwhelmingly young females.<sup>11</sup> GAP nowhere acknowledges this contradiction.

**IFC and MIGA.** All previous Bank gender guidelines confined themselves to the IBRD and IDA, excluding the IFC and MIGA.<sup>12</sup> GAP states that its gender mainstreaming applies to all World Bank Group member organizations. The IFC's roles in GAP actions include promoting gender responsiveness in the private sector by engendering three Investment Climate Assessments annually. This is not the type of action likely to achieve the Bank Group mission of reducing poverty. GAP never mentions the Bank Group's Multilateral Investment Guarantee Agency (MIGA) -- which constantly guarantees corporate investments with extremely harmful gendered impacts.<sup>13</sup>

**Gender Mainstreaming.** The GAP persists in promoting gender mainstreaming as the Bank's key method to achieve gender equality. Gender mainstreaming is a noble goal, but it has not worked in the Bank or elsewhere. GAP does not acknowledge the critique by highly-regarded women's rights experts who argue that gender mainstreaming has seriously set back achievements in attaining women's rights.<sup>14</sup>

**Staff.** Gender Action demonstrated that a fraction of one percent of Bank staff are gender experts and that the overwhelming majority of Bank non-gender experts neglect and/or disdain addressing gender issues in Bank operations.<sup>15</sup> The main reasons are Bank non-gender experts feel overwhelmed by multitudes of mandatory policies they must address and/or they have patriarchal mindsets.

We recommended that the Bank multiply its gender experts significantly. In response, a GAP performance indicator is to "increase the number of World Bank staff in sectors and regions with skills to engender operations". This is laudable.

**Incentives and Mandates.** GAP promotes **incentives** for Bank staff to address gender issues, for example through providing additional funding for addressing gender issues in Bank loans. However, GAP fails to impose "mandates" which are also necessary for success.

We welcome GAP's emphasis on incentives that goes beyond winning the hearts and minds strategy of the Bank's previous gender head.<sup>16</sup> But a major lesson of the environmental campaign on the Bank is that Bank staff need mandates to identify and address crosscutting social issues like gender in all Bank operations.

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<sup>11</sup> Marphatia, Akanksha A. and David Archer. September 2005. Contradicting Commitments: How the Achievement of Education for All is Being Undermined by the International Monetary Fund. ActionAid International and Global Campaign for Education. <http://www.actionaidusa.org/pdf/ContradictingCommit8663C.pdf#search=%22Contradicting%20Commitments%3A%20How%20the%20Achievement%20of%20Education%20for%20All%20is%20Being%20Undermined%20by%20the%20International%20Monetary%20Fund%22>; Rowden, Rick. September 2005. Changing Course: Alternative Approaches to Achieve the Millennium Development Goals and Fight HIV/AIDS. ActionAid International USA. <http://www.actionaidusa.org/pdf/Changing%20Course%20Report.pdf>; Lewis, Stephen. 2005B. Race Against Time. Anansi Press.

<sup>12</sup> Gender Action 2005, *ibid*.

<sup>13</sup> To give one example, MIGA is providing political risk insurance to private mining companies operating in the Democratic Republic of Congo that have contributed to conflicts, mass rapes and sexual slavery: <http://www.miga.org/sitelevel2/level2.cfm?id=1080>

<sup>14</sup> Clark, Cindy et al. Where is the money for women's rights? AWID/Just Associates. 2005; Stephen Lewis *ibid*; Paula Donovan. Gender Equality Now or Never: A New UN Agency for Women. July 2006.

<sup>15</sup> Gender Action 2005, *ibid*.

<sup>16</sup> Gender Action 2005, *ibid*.

**Training.** Gender Action criticized past Bank gender training for not being mandatory.<sup>17</sup> Voluntary Bank gender training is overwhelmingly populated with gender experts.<sup>18</sup> Unfortunately, GAP does not propose mandatory training.

Like all previous Bank gender guidelines, GAP includes training on gender issues for non-gender experts. To support its business case, GAP's proposed training focuses on the economic sectors. GAP also proposes longer term training after concluding that past short-term training has not been very successful. GAP recommends longer term "developmental assignments for sector and regional staff assigned to work on gender issues for a period of three to nine months on average". This sounds like a good initiative for some Bank staff but one that might cover only a fraction of them. We look forward to seeing the results of this training.

**Focus Countries.** GAP will concentrate activities on "a relatively small number of focus countries" to attain measurable impacts. The final selection of focus countries will be made by the internal Bank Groups Executive Committee for the Action Plan. We await the results.

**Communications.** GAP's implementation includes a large **communications** campaign. The Bank's awesome External Affairs complex (EXT) is the main executor. EXT manages one of the world's best financed, most effective propaganda machines. One can already imagine the Bank's next series of CNN commercials picturing how the Bank empowers poor women around the world. GAP promises that President Wolfowitz will raise gender issues and discuss the GAP at international meetings.<sup>19</sup> Undoubtedly, GAP's media exposure is likely to be massive. It is likely mislead the public to believe that the Bank is reducing poverty and empowering women.

**Local Ownership.** GAP's communication campaign goals include "fostering national and local ownership" of the GAP. But borrower country populations are tired of fictional national and local ownership of anything Bank-created, for example poverty reduction strategies that the Bank mythically insists are country-owned.

**Civil Society.** GAP's identified implementers include civil society organizations (CSOs) in addition to Bank regions, Networks, governments and the private sector. CSOs encompass many types of groups. The entire CSO community that the Bank relied on to create the GAP consisted of the Bank's hand-picked seven-member External Gender Consultative Group. Past Bank partnerships with CSOs critical of the Bank have resulted in such strong CSO disappointment, for example, through the Joint Facilitation Committee and the Structural Adjustment Participatory Review Initiative (SAPRI), that is unlikely that many of them would collaborate again with the Bank.

GAP identifies only one CSO partner – the International Center for Research on Women -- to implement designing and conducting GAP evaluations.

**Conclusions.** To conclude, GAP is the best Bank gender guideline yet. However it has serious flaws including neglecting to (1) embrace a human's rights framework; (2) remove the policy-based loan exemption from the Bank's Gender and Development Policy, the only Bank gender policy to which civil society can hold the publicly-owned Bank accountable; (3) link GAP's goal of attaining the MDGs to Bank conditionalities; (4) include the Bank Group's Multilateral Investment Guarantee Agency (MIGA) in its discussed targets; (5) acknowledge the shortfalls of gender mainstreaming – GAP's key strategy.

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<sup>17</sup> Gender Action 2005, *ibid*.

<sup>18</sup> Gender Action 2005, *ibid*.

<sup>19</sup> GAP Table 5.

Other serious constraints include the continuous disconnect between good Bank policies and their implementation, for example the Bank's previous gender guidelines, the Environmental Safeguard Policies and the Extractive Industries Review.

Finally, so long as the Bank persists in imposing loan conditionalities that deepen poverty and gender discrimination, GAP's intention to empower women will be seriously impeded.

## 5. Some civil society reports launched during the meetings

**Odious debt: debt relief as if morality matters.** New Economics Foundation. Long after odious debts are technically off the books, subsequent generations are still effectively paying for them. Read the paper: <http://www.neweconomics.org/gen/odiouslending180906.aspx>

**Cut the Strings! Why the UK government must take action now on harmful conditions attached to debt cancellation.** Jubilee Debt Campaign, CAFOD, Action Aid, Christian Aid and World Development Movement. The world's poorest countries are told they must open up their markets, cut vital public spending, and privatize basic services if they are to get any debt relief. If governments don't comply, cancellation is delayed or withheld. If they do - often against the wishes of their people and their parliaments - it is all too often disastrous. The strings attached to debt relief have benefited countries and companies in the North, but frequently they strangle the poorest. Read the paper: <http://www.jubileedebtcampaign.org.uk/?lid=2028>

**Scrap the World Bank and IMF.** World Development Movement. The report examines the mythology that surrounds the two big beasts of international aid and finance. Read the paper: <http://www.wdm.org.uk/news/SingaporeBan13092006.htm>

**Impossible Architecture.** Social Watch. The annual Social Watch report contains country updates on social indicators, plus a series of analyses of global financial institutions and the financial system. Read the paper: <http://www.socialwatch.org/en/informeImpreso/tablaDeContenidos2006.htm>

**Politics of Aid: Conditionalities and Challenges.** VOICE. Reviews the strings attached to aid flows to Bangladesh and the extent to which development agencies are coordinating their efforts. Read the paper: [www.voicebd.org](http://www.voicebd.org)

**Tarnished Gold: Mining and the unmet promise of development.** BIC, Earthworks, BWP, CRBM, Oxfam. On the "golden" 50th anniversary of the International Finance Corporation (IFC), civil society organizations have released a briefing paper questioning the institution's investment in gold mining and calling for the IFC to report its development impacts on a project-by-project basis. Read the paper: [www.bicusa.org/en/Article.2956.aspx](http://www.bicusa.org/en/Article.2956.aspx)

**How the World Bank's Clean Energy Framework Sells the Climate and People Short.** BIC, BWP, CRBM, CEE Bankwatch, FOE-I, IPS, IRN, Oil Change International, Urgewald. The World Bank's promise to seriously support alternative energy remains unfulfilled. The report calls on the Bank to step up efforts to meet basic energy needs of the poor, to stop subsidizing northern oil companies, and to redirect existing dirty energy financing to renewable technologies and energy efficiency projects. Read the paper: <http://www.bicusa.org/en/Article.2954.aspx>

**The International Financial Institutions in Governance of Aid.** Reality of Aid. The report sets out important civil society recommendations on current donor approaches to governance and the promotion of rights in international cooperation, with particular attention to the recent influence of the global security

agenda on development cooperation. Read the paper:  
<http://www.realityofaid.org/roareport.php?table=roa2006&id=1>

**Discussion on the National Barriers to Sustainable Development Implementation in 15 Southern Countries in Asia, Africa and Latin America.** Sustainability Watch. The report is based on 15 national assessment reports produced by CSO networks in Africa, Asia and Latin America, which has focused on the analysis of existing implementation barriers hindering the effective realization of sustainable development goals. A key recommendation for accelerating the efforts to reach the MDGs is to strengthen linkages between environmental sustainability (MDG 7) and poverty reduction (MDG 1). Furthermore, devolution of resources and decision-making is in need for strengthened sustainable development initiatives at the local level with enhanced citizen's participation. Read the paper:  
[http://www.suswatch.org/index.php?option=com\\_content&task=view&id=76&Itemid=91](http://www.suswatch.org/index.php?option=com_content&task=view&id=76&Itemid=91)

## 6. Paul Wolfowitz statements

Although many of Paul Wolfowitz's comments reiterated previously articulated priorities, some of his statements deserve notice.

**Continuing priorities:** Sub-Saharan Africa, and the importance of G-8 donor commitments to double aid to the continent by 2010; upcoming IDA replenishment; finding better ways to work with middle-income countries; passage of the anti-corruption strategy.

### **On the boycott:**

Many of Wolfowitz's statements related to the banning and/or deportation of over 60 civil society representatives from Singapore – perhaps the most publicized development at the meetings.

In response to a question about why the Bank didn't resolve unanswered questions about civil society access to the country with the Singapore government long ago, Wolfowitz shirked personal responsibility by claiming that he wasn't involved in the initial agreements three years ago. He did acknowledge that there is an important lesson to be learned for the future.

He vocalized dismay over the situation, but defended the Bank's attempts to mollify the situation. "I share fully your distress at this (banning). I think it is unacceptable. I think we had a clear agreement, and these actions are a violation of that agreement." Bank efforts to resolve the situation included meetings between senior Bank staff and the Singapore President and Prime Minister, and several public admonishments of the events. Wolfowitz refused to move the meetings to another location.

"Enormous damage has been done. The one thing I think I would say is that a lot of damage is done to Singapore, and it's self-inflicted. This could have been an opportunity for them to showcase to the world their development process," he remarked at the Town Hall meeting on 9/15.

### **On the role of civil society**

Given the attention paid to the banning, many of Wolfowitz's comments also revolved around the role of civil society. "I think that civil society in developing countries is a very important part of the development process itself. Sometimes civil society organizations are the most effective means of delivering assistance to poor people," he remarked on September 14. He furthermore noted that a record number of CSOs registered to attend the meetings, suggesting their increasing engagement with the Bank.

Civil society is particularly important in the fight against corruption, he noted. "We are working very hard in engaging civil society because we believe it is often one of the best mechanisms for ensuring transparency

and accountability, and there are even demonstrations of success in a number of areas where if the simple mechanism of letting people know and letting civil society know what money is supposed to be going for schools in a particular district will vastly increase the amount of money that actually gets to where it is supposed to go,” he commented at a 9/15 press conference.

### *On MICs*

One of the most important discussions at the meetings was over the Bank’s involvement with middle-income countries. The institution needs to be more responsive to fast-growing middle-income countries like China, he claimed.

As two-thirds of the world’s poor live in middle-income countries, they “are and must remain a core client group for us to fulfill our mandate but also to maintain our core competencies in development expertise and to maintain IBRD’s financial capabilities... Their demands are increasingly sophisticated and require continuous innovation and improvement on our part to remain meaningfully competitive. We must rise to that challenge, and we can,” he remarked on September 20.

### *On governance*

Governance was another hot item. Many of Wolfowitz’s comments on governance both defended the focus of the draft brought to the board, and conceded to Development Committee demands that the framework development be overseen by the Executive Directors.

He acknowledged that the Bank’s **mission is poverty reduction**, and that as such it would be remiss to completely cut off Bank involvement in corrupt states. “We cannot abandon the poor because their government or institutions are weak. That would mean they would be penalized twice. Our strategy is clear: in the most difficult cases the bank will engage in areas and sectors where adequate governance arrangements are possible, with a likely focus on building capacity, meeting the basic needs of the poor and working, within our legal mandate, with institutions outside of central government,” he commented to the Development Committee on 9/18. In exceptional circumstances, the institution must look for alternative ways to remain engaged and solve development issues.

He acknowledged long-standing problems with big **infrastructure** projects, but noted that many developing country leaders ask for more infrastructure investment. “So we needed to get back into that [infrastructure] business. But one of the things I insisted on was learning the lessons of the past and trying to make sure that we build into our projects at the beginning the kinds of safeguards that will help – you never have 100 percent guarantee – but help to ensure that corruption does not become a major tax on these big projects. That’s what we can do,” he noted on September 15.

He also noted that there is **wide support for the fight** against corruption in borrowing countries, and asserted the Bank’s fiduciary responsibility to ensure that its activities and lending are responsible. Transparent decision-making processes and activities are key, in addressing corruptions in rich countries. Wolfowitz furthermore contended that fears that the strategy would reduce Bank lending are unjustified, as last year’s IBRD lending of \$14.2 billion was the highest in 7 years, and IFC lending increased 25% to \$6.7 billion.

One of the major developments at the meetings was the Development Committee’s insistence that the strategy **oversight** be placed in the hands of the Executive Directors. Wolfowitz conceded to this development, noting that the Board has already been deeply engaged in the issue.

He identified **next steps** as working with multilateral banks to develop common standards and practices, working with the private sector, focusing on the Bank’s own lending and projects, and prioritizing activities at the country level.

***Other interesting comments:***

Rising importance of infrastructure: “I said before that we need more resources than we have. And one of the places those resources are needed is infrastructure investing, including in energy. And not only in Africa, also in Latin America, there’s a demand for regional infrastructure projects because many of these, to be successful, need to cut across national boundaries. And that’s the place where I think World Bank resources could be particularly effective if we had more.” September 15 press statement.

Fragile states need special notice. September 15 press statement.

Doha round: It’s critical that the round succeeds. The US needs to accept further cuts in spending on trade distorting agricultural subsidies. The EU needs to reduce barriers to market access. Developing (countries) need to remove trade barriers that make it harder for low-income countries to trade directly with each other. September 19.

Representation: The Bank needs to increase diversity in senior management and staff. Africans and Caribbeans are particularly under-represented. September 15.

Public goods like Avian flu, climate change, and natural disasters. “These problems require global solutions and global resources.” September 19.

## **7. The threat of peaceful assembly and free speech: crack-down, boycott, blame**

While the utility of the Annual Meetings as a productive space for civil society engagement with the World Bank can be debated, many potential benefits that might have been gained from the event were squashed when the government of Singapore banned, detained and/or deported over 60 civil society representatives planning to attend the meetings and/or related events. In response, over 160 civil society organizations boycotted the official meetings. The events marked a dark day for the Bank’s commitment to, and relationship with, civil society.

The following **timeline** highlights key moments and actions in Singapore, Batam, and worldwide. Following the timeline is the **civil society boycott statement**, and **four narratives** about the ban/boycott made by various CSO representatives.

### **A timeline**

- **February 8:** Forum Asia sends a letter signed by 30 CSO representatives to Singapore Prime Minister Lee Hsien Loong expressing “grave concerns about the impending restrictions and threats reportedly being made that will hamper meaningful civil society participation at the upcoming WB-IMF meeting.” The letter also expressed concerns about reports that only “select foreign organizations” may be allowed to stage peaceful protests. Peter Stephens, World Bank Representative in Singapore, responds noting the Bank’s commitment to “meaningful civil society engagement” and assures the authors that “we are trying to enable a process that is open and led by civil society.”
- **March 28, 29:** Civil society organizations participating in the first World Bank/IMF-sponsored “Civil Society Planning Workshop for the 2006 Annual Meetings in Singapore” express concerns about the right to protest during the events.
- **May 31:** At the second “Civil Society Planning Workshop” World Bank staff report that CSO concerns about protest space were being considered “at the highest levels” of the Singapore government. CSO participants urged the need for clarity on the issue.

- **Early September:** Approximately 20 individuals receive emails from the World Bank and IMF informing them that although they had received accreditation from the Bank to attend the meetings, the Singapore government would prevent their entering the country. The correspondence stated that “The Singaporean authorities have objected to [your] attendance...at the Annual Meetings ‘based on security and law and order considerations.’”
- **September 6:** Indonesian police announce that they will not allow the International People’s Forum to take place in Batam, claiming that the gathering will cause “economic disadvantages” to the island. Should groups attempt to hold the event anyway “... We will disperse them. If we’re unable to do it ourselves, we’ll do it together with the (local) NGOs,” Riau Islands Police chief Brig. Gen. Sutarman reportedly tells the Batam Post.
- **September 6:** World Bank and IMF External Relations heads Kevin Kellems and Masood Ahmed send letter to Singapore Executive Directors Herwidayatmo and Phang declaring that “Blocking entry of any of these [banned] individuals into the country or into the Annual Meetings venue would undermine engagement with civil society.” They cite the Memorandum of Understanding between the institutions and the Singapore Government, which states that the meetings host is required to “assure expeditious entry procedures...for any observers and other persons included in the categories of participants...”
- **September 7:** World Bank and IMF issue a statement urging the Government of Singapore to allow all accredited civil society representatives to attend the meetings “in the interest of good governance, transparency and accountability.” The institutions’ interventions remain little more than requests.
- **September 12:** Indonesian Police announce that they will allow the forum to take place.
- **September 14:** Over 700 IPF participants begin arriving in Batam. In spite of the obstacles faced, over the next three days valuable meetings and exchanges take place.
- **September 14:** Boycott called. Over 160 civil society organizations around the globe called for a boycott of the meetings. “Our boycott is a response to egregious hypocrisy,” said Ana Maria Nemenzo, President of the Freedom from Debt Coalition, Philippines, and one of those informed in advance that she would not be allowed into Singapore despite receiving accreditation to the meetings. “While World Bank President Paul Wolfowitz prepares to launch his new good governance and anti-corruption initiative, he fails to promote those very principles for his own institution as it meets in Singapore.”
- **September 15:** Less than 20 representatives from “local NGOs” protest the IPF outside of the forum venue. When interrogated by the venue’s security team, five protestors admit to being hired by Singaporean businesspeople to protest the event.
- **September 15:** At the Town Hall Meeting, Paul Wolfowitz states that he shares the distress of civil society representatives mistreated by the Singapore government, and finds it “unacceptable”. In response to a question about what the Bank is doing about the situation, Wolfowitz claims that he is “doing a lot” at the official levels and through strong public statements. Although he claims to be open to other suggestions, he rebuffs a request to postpone the meetings and move them to another location.
- **September 15:** After extensive press about Singapore’s squashing of civil society participation in the meetings, the Singapore 2006 Organizing Committee announces that it will allow 22 of the 27 banned individuals to enter the country to attend the Annual Meetings. The decision was “based on input provided by the International Monetary Fund and World Bank”.
- **September 16:** International People’s Forum Conveners declare that the Singapore government’s decision is “too little, too late,” and that the boycott will continue.
- **September 18:** The Development Committee and IMFC both thank the authorities and people of Singapore “for their excellent hospitality”.
- **September 20:** World Bank President Paul Wolfowitz, IMF Managing Director Rodrigo de Rato and Turkish State Economy Minister Ali Babacan sign a Memorandum of Understanding approving

Turkey's bid to host the 2009 Annual Meetings of the World Bank and IMF. The meetings will take place in Istanbul at an undetermined venue.

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### **Civil society call for boycott of IMF/World Bank Meetings**

163 Organizations from Around the World in Solidarity with Those Banned & Deported  
September 15, 2006

Civil society organizations today announced a boycott of all official events at the IMF-World Bank Meetings in Singapore. The boycott has been endorsed by 163 organizations from all parts of the world, and includes many organizations that have long assumed prominent roles in civil society interactions with the international financial institutions.

This call comes in response to news that the Singapore government has barred entry to a number of civil society representatives, including many who had already been accredited to attend the meetings by the IMF and World Bank. About 20 people have been deported or "refused entry" to Singapore. The Singapore government also pressured the Riau Province (Indonesia) government to cancel alternative events on the neighboring island of Batam, but the Indonesian government has allowed them to proceed.

"Our boycott is a response to egregious hypocrisy," said Ana Maria Nemenzo, President of the Freedom from Debt Coalition, Philippines, and one of those informed in advance that she would not be allowed into Singapore despite receiving accreditation to the meetings. "While World Bank President Paul Wolfowitz prepares to launch his new good governance and anti-corruption initiative, he fails to promote those very principles for his own institution as it meets in Singapore. Civil society has long been unsatisfied with their marginalization by these institutions, but this takes that problem to a new low. The events of the last week, including the blacklisting of 28 pre-accredited civil society representatives and an unknown number of others from around the globe, expose the Bank's failed commitment to transparency, accountability and basic civil rights."

Both Wolfowitz and IMF Managing Director Rodrigo Rato have said they are unhappy with the Singapore government's actions, but the civil society organizations, which had planned on using the space in Singapore to advocate for reduced IMF/World Bank involvement in economic policy-making and in dubious infrastructure development projects, have been far from satisfied with the response.

"These institutions are most comfortable in countries without respect for civil liberties and human rights," said Sameer Dossani of 50 Years Is Enough: U.S. Network for Global Economic Justice. "They came under fire the last time they held the meetings outside Washington – in Dubai in 2003 – and could not have been in the dark about Singapore's track record when they chose it. Certainly the announcement in January that protesters would be caned made clear the sort of atmosphere that would surround these meetings."

While 163 organizations have formally endorsed the boycott, a number of other organizations are supporting the effort in different ways. Many civil society groups not on the list of endorsers, for example, have cancelled meetings that had been scheduled with the IMF and World Bank.

"The World Bank and IMF cannot escape their complicity in this draconian crackdown," said Shalmali Guttal of the pan-Asian organization Focus on the Global South. "Not only did they knowingly choose Singapore, but Singapore's attitudes perfectly reflect the global economic system they impose and oversee -- one that benefits a few elites while condemning millions to the everyday structural violence of poverty. Dissent and civil rights threaten elite control. Indeed, World Bank and IMF support for despotic regimes has

a long, sordid history, and includes massive aid to Marcos in the Philippines, Soeharto in Indonesia and Mobutu in Zaire (now Democratic Republic of Congo).”

Despite the Singapore government’s efforts to cancel it, the International People’s Forum Against the World Bank and IMF opens today at the Asrama Haji Center in Batam, Indonesia and continues through the 17th.

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### **World Bank Shuts Out Dissident Voices**

Development Muzak plays again in Singapore at annual meetings.

*By Peter Bosshard*

Originally published in Foreign Policy in Focus

October 6, 2006

To the bankers and government officials who descended on the city state for the World Bank and International Monetary Fund annual meetings in September, Singapore may have looked like the perfect model of a globalized consumer society. Tellingly, for the first time, the annual meetings took place inside a giant shopping mall. Corporate logos dominated the venue, shoppers went happily about fulfilling their consumer duties, and the delegates were shrouded in a constant cloud of Muzak.

Dissident voices have no place in a Singapore-style consumer paradise. At the World Bank’s annual meeting, civil society protests were restricted to a small stage inside the shopping mall. And Singapore’s government banned close to 30 experienced civil society activists from entering the country altogether. The media frenzy that followed the reprisals overshadowed the fact that the ban was just a pale reflection of the repression which poor people in the underbelly of global consumer society -- and often at the receiving end of World Bank projects -- experience.

To keep the wheels of the world’s consumer society spinning, new resources of land, water, forests and minerals constantly need to be brought into the market system. The people who own or use these lands, forests and rivers have usually no control over how their resources are appropriated. Outside the limelight of global media attention, repression often reigns large.

On the way to Singapore, I visited several World Bank projects in Pakistan. In the villages around Makhad, a small town on the left bank of the Indus River, we learned that many poor farmers are currently selling their land to the large landlords. The region is at risk of being flooded by the proposed Kalabagh Dam, and the farmers know that once their land is expropriated, only the rich will be able to pay the bribes required to receive fair compensation. If Kalabagh follows the example of other dam and irrigation projects in Pakistan, the large farmers will also bribe the water bureaucrats so that they can build illegal canals and divert additional water flows. Like the people who were displaced by the reservoirs, the small farmers at the end of the irrigation canals will be left high and dry.

Journalists who write about development conflicts in Pakistan live dangerously. In April, Mehruddin Maree, a journalist who used to cover the impacts of large dams and irrigation canals on the Indus delta, was arrested by the police in Golarchi, a small town in Southern Pakistan. He has been missing ever since. “We are often intimidated when we touch on the interests of powerful parties, but this would not stop Mehruddin,” one of his colleagues told me. The case of Mehruddin Maree is not an exception. Aftab Ahmed Sherpao, Pakistan’s interior minister, confirmed in 2005 that about 5,000 political activists and journalists are missing in the country.

Paul Wolfowitz, the new head of the World Bank, has made good governance and the fight against corruption central themes of his presidency. He has suspended projects in several countries over corruption

concerns in recent months, and the World Bank member governments agreed on a framework to combat corruption in Singapore. Yet it is not likely that the President's crusade against corruption will have any consequences for Pakistan, a frontline state in the Bush administration's war on terror. In spite of widespread repression and corruption, the World Bank announced in summer 2005 that it plans to increase its lending for the country's water sector tenfold between 2006 and 2010. If the Bank gets its way, this support will include \$300 million for a mega-dam project like Kalabagh.

The annual meeting in Singapore was far removed from the ground realities in countries like Pakistan. "Throughout the world, there is a growing recognition that the path to prosperity must be built on a solid foundation of good governance," Wolfowitz told the government delegates.

Just as the Muzak in Singapore's shopping malls drowned out the original tunes, the struggles of small farmers and journalists in countries like Pakistan disappeared in the rhetoric of the annual meeting. As the World Bank prepares increased support for projects like the Kalabagh Dam, civil society activists will need to work hard for the drumbeat of ground realities to be heard through the development Muzak emanating from Singapore and Washington.

Peter Bosshard is the policy director of International Rivers Network, an environmental and human rights group based in Berkeley, California and a contributor to Foreign Policy In Focus (online at [www.fpif.org](http://www.fpif.org)).

#### Resources:

- Read the full report: [www.fpif.org/fpifxt/3570](http://www.fpif.org/fpifxt/3570)

(Published in Foreign Policy in Focus, Common Dreams, Counterpunch, IndyBay, and various blogs)

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## **Postcard From...Singapore**

*By Sameer Dossan*

Originally published in Foreign Policy in Focus  
October 19, 2006

It's 2 a.m. on a Saturday night. I'm in a Singapore police station. No, this story doesn't involve alcohol. Fortunately neither the death penalty nor caning is likely.

The story begins earlier on September 16, when I arrived in Singapore, the site of the annual meetings of the World Bank and IMF, from neighboring Batam, Indonesia. My companions and I were organizers of the International People's Forum vs. the IMF and World Bank (IPF), which wasn't feasible in Singapore. In January the Singapore government threatened to cane protesters and in the days before the events they made public an official blacklist of 27 people who would not be allowed entry to Singapore.



Their justification: they had already prepared a protest space at the venue, namely an enclosed area roughly the size of a large prison cell. Some friends who were not on the official blacklist were turned away at the airport, indicating that the unofficial blacklist must be much longer.

Naturally, activists, researchers, and Non-Governmental Organization (NGO) representatives expressed their outrage to the Singapore authorities, IMF and World Bank staff, and to their own governments in Europe, North America, Asia, and elsewhere. To the displeasure and discomfort of the IMF and World Bank, we launched a boycott of the official meetings, and this boycott was joined by nearly all NGOs who work on

policy issues. For the first time in living memory, the Singapore government backed down. They “un-blacklisted” 22 of the 27 individuals on the official list.

In response, the “un-banned” and the “still-banned” issued a statement renewing our pledge to boycott the official events and stating that the moves of the Singapore government were a case of “too little, too late.” To read the statement, two of the “un-banned”—Joy Chavez from Focus on the Global South (Thailand) and Antonio Tricarico from Campaign to Reform the World Bank (Italy)—were to go to Singapore where a press conference and public event on the IMF was already scheduled to take place.

I was among those chosen to escort these activists, as we had no reason to believe that the Singapore government would uphold its end of the bargain. Though Antonio and Joy were taken aside at the border, they were permitted to pass after being given a sheet of paper advising them to (please) abide by Singapore law.

At midnight the Singapore police call. Turns out our event MAY be illegal. Great.

After a meeting and some discussions with an ad-hoc Singapore legal team, we determine that the meeting/press conference we are planning the following morning is indeed legal. (It may not have been had it been taking place on the ground floor or had there been see-through windows in the conference room.) Armed with this information, we contact the police again who assure him that, yes, the conference could be legal, but that it may need a license. We need to just stop by the police station for some questions and filling out some forms.

Three of us arrive at about one a.m. to negotiate with the police.

When the officers who called us here come down to greet us and escort us to the room where we'll be “interviewed,” they are exceedingly polite. Half an hour later, they explain that the only reason for all the questions is to determine whether or not we need a license. We do indeed need a license, they say, and after half an hour spent filling out forms we are free to walk out the door. At 2 a.m.

Aside from the lost sleep, the only cost for the license was \$20. Free speech may not be free in Singapore, but it is cheap.

Sameer Dossani is Director of 50 Years Is Enough: U.S Network for Global Economic Justice in Washington, DC and a contributor to Foreign Policy In Focus ([www.fpif.org](http://www.fpif.org)).

**Resources:**

- Read the full report: <http://www.fpif.org/fpif.txt/3628>

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### **Good governance or bad practices?**

Two activists reflect on their mistreatment at the World Bank-IMF annual meetings in Singapore

*By Maria Clara Couto Soares and Joy Chavez*

Originally published in Bretton Woods Project Update 53:

<http://www.brettonwoodsproject.org/art.shtml?x=545925>

The IMF-World Bank annual meetings in Singapore were visible for not addressing IMF governance reform and for the anti-corruption framework proposed by the Bank. Media all around the world not only covered the draconian security measures put in place by Singapore, but also the violation of the civil and political

rights of NGOs and social movements' representatives that went there to take part in the meetings. These measures aimed to suffocate the voices of the peoples.

Just a few days before the beginning of the parallel meeting – the International People's Forum, in Batam, Indonesia – local police authorities announced on Indonesian television that they would not allow the Forum to be held. Civil society organisations condemned the Indonesian government for repressing the democratic right to express peaceful disapproval over World Bank and IMF policies, and the Singapore government for applying pressure on the Indonesian authorities to cancel the Forum. After intensive media work, the Indonesian authorities reversed their decision.

Another clear sign of disrespect of civil and political rights was the Singapore authorities' blacklisting of selected organisations and individuals. The list included delegates accredited to take part in the World Bank and IMF official meetings. The prohibition was partially reversed after broad criticism. But the measure, allowing the entry of 22 of the 27 blacklisted individuals, was too little, too late. Expensive travel plans had already been undone and no reason was given for leaving five individuals on the list.

Over 160 civil society groups joined the call for a boycott of the official IMF/World Bank meetings. The call highlighted the responsibility of both institutions for the developments.

Unfortunately, more oppressive events were still to come. And my detention and deportation was just a part of them. As part of the ActionAid delegation, I was in transit to Singapore and Batam to voice our views on the IFIs and the impact of their policies on poverty and inequality.

Like many other peaceful activists, I was held in customs and taken away for interrogation. My detention extended for more than 30 hours. During this period, I was subjected to intense interrogation and utmost humiliation. All my documents, money, personal belongings and my entire luggage were confiscated. I was fingerprinted and photographed several times. I was kept for more than 20 hours locked in a room under observation where I was not able to turn off the lights or go to the toilet unescorted. I was not allowed to speak to anyone in the same situation as me or to make phone calls. Absolutely no reason was given regarding my detention and deportation by Singaporean authorities, despite requests from the government of Brazil to allow my entry.

Many other civil society delegates were also detained for several hours, subjected to repeated interrogation, fingerprinting and searches, but released with written warnings not to participate in any protest. Others like me were deported without explanation. Both cases show a lack of respect for fundamental liberties.

Denying entry to civil society representatives violated the terms of the memorandum of understanding that Singapore signed with the global institutions. Nevertheless, no strong measures were taken by IMF and WB representatives. Instead, the IMF's governing body, the International Monetary and Finance Committee, said in their communiqué that they "express their gratitude to the Singapore authorities for the excellent arrangements". In spite of the 'good governance' discourse the World Bank and IMF showed how out of touch they are with the practice of genuine democracy.

*Maria Clara Couto Soares is ActionAid's head of policy for the Americas Region and a former economic advisor to the Brazilian Ministry of Finance.*

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To most people who caught the news of the banning of activists from entering Singapore, the week of 14-20 September could have been one of the more eventful in the history of the Bank-Fund meetings. World Bank president Paul Wolfowitz's description of Singapore's actions as "authoritarian" added interest to the whole

incident, and highlighted the seeming friction between the Bank's vaunted openness to civil society engagement and the host country's stringent laws on public assembly.

I was one of those banned, and eventually un-banned, from entering Singapore that week. I did go to Singapore to be at a press conference with others from the International People's Forum against the IFIs. The inconvenience and the anxiety of being labelled a "security and law and order" consideration, were the thoughts that preoccupied me at the time.

Judging from the results of the Bank-Fund meetings, the eventful week was not so eventful after all. The media attention masked the non-event inside the meetings. Developing member countries gained nothing of significance.

Realising the limited space Singapore provided for civil society action, many groups (including Focus on the Global South) sought accreditation to the meetings for the first time. We were interested in challenging the Bank and Fund on their policy and practice even in their own space. Ironically, it was precisely the Bank's lack of influence over Singapore that made the banning of accredited participants possible.

The initial concerns that preoccupied me were forgotten and were replaced by a series of questions. Was it entirely Singapore's fault, or indeed was it at all? Was the fault of the Bank and Fund limited to the choice of Singapore as a venue? Was it wise to have prioritised challenging the Bank and the Fund inside their space? For me, Singapore crystallised a lot of lessons learned from many years of experience with engagement. Owing to the nature of international institutions, it is imperative that we monitor them, challenge them, protest their policies and practices that have negative impacts - in short, engage. What happened in Singapore underscored how much or how little the possibility is of affecting institutions that are not designed to be responsive to what people like me say.

The Bank and the Fund are institutions structured like corporations where the biggest stockholders hold the biggest number of votes. My vote is represented by an executive director, and it is measly compared to the American vote that can veto all of the other votes combined. The relationship between the Bank and Fund and my country is that of creditor-debtor, fraught with uneven balance of power. And while some may say that the Bank and Fund are the institutions most open to civil society participation, it has to be remembered that they were not so before Latin America was de-industrialised, African development practically ground to a halt, and the entire developing world was buried in debt, courtesy of its structural adjustment programmes. In short, civil society was called in after they already made a big mess.

The Bank and the Fund profusely thanked Singapore and congratulated it for a job well done in hosting the event, keeping silent about the five people who remained on the Singapore banned list, and quieter still about the many others who were stopped, interrogated and deported. Engagement (perhaps it is high time to find another, more appropriate term) remains the norm. But if engagement favours protest and denouncement, it is because engagers get tired of dancing to bad music too.

*Jenina Joy Chavez is senior associate at Focus on the Global South, a Bangkok-based regional think tank.*

**Resources:**

- Read the full report: <http://www.brettonwoodsproject.org/art.shtml?x=545925>

## 8. What next? Turkey 2009

On the final day of the 2006 IMF/Annual Meetings World Bank President Paul Wolfowitz, IMF Managing Director Rodrigo de Rato and Turkish State Economy Minister Ali Babacan signed a Memorandum of Understanding approving Turkey's bid to host the 2009 IMF/World Bank Annual Meetings. The event will take place in Istanbul at an undetermined venue.

Two other countries – Egypt and Qatar – submitted bids to host the 2009 event. The Board of Governors voted on the final acceptance of Turkey as the host. Cyprus abstained from the vote.

The agreement came on the heels of the Singapore government's banning and/or deportation of over 60 civil society representatives planning to attend the official meetings or related events. Many civil society groups left Singapore uncertain about the nature or future of the institutions' commitment to civil society participation.

**Will Turkey ensure civil society access to the 2009 Annual Meetings?** Many are concerned about the government's adherence to human rights standards and its treatment of minority populations. One of the most controversial issues that Turkey is likely to face is in regards to its treatment of its Kurdish population.

Turkey submitted a formal application to join the European Union in 1987 and commenced negotiations for accession to the EU in 2005. The process is being threatened by concerns over the country's failure to make important human rights improvements and open its ports to the Greek-speaking part of Cyprus. The EU slowed the negotiations in November, following the country's failure to make improvements in these areas.

**What does this signal for the 2009 meetings? And what steps should the World Bank and IMF be taking to avoid a repeat of Singapore?** The Bank must secure a host country willing to allow active civil society participation, and outline its relationship with the host country in enforceable terms. Whether the Bank and IMF are able or willing to do so remains to be seen.

## 9. Find out more!

### Select press releases

- **Singaporean and Indonesian authorities crack down on civil society--Credibility of WB-IMF Annual Meetings threatened.** 50 Years is Enough, Bank Information Center, Development GAP, Environmental Defense, Gender Action, Jubilee USA, Oil Change International. September 7, 2006. [www.biucsa.org/proxy/Document.9549.aspx](http://www.biucsa.org/proxy/Document.9549.aspx)
- **Civil society call for boycott of IMF/World Bank Meetings.** September 15, 2006. [www.biucsa.org/proxy/Document.9554.aspx](http://www.biucsa.org/proxy/Document.9554.aspx)
- **Too Little Too Late.** Statement of IPF Convener's Committee in response to Singapore government's Sept 15 statement allowing entry of 22 previously-banned civil society representatives. September 16, 2006. [www.biucsa.org/proxy/Document.9550.aspx](http://www.biucsa.org/proxy/Document.9550.aspx)
- **International People's Forum celebrates successful forum and shares plans for way forward.** Organizers of the International People's Forum vs the IMF/World Bank. September 18, 2006. [www.biucsa.org/proxy/Document.9551.aspx](http://www.biucsa.org/proxy/Document.9551.aspx)

### Blogs that covered the events

- IFIwatchnet Annual Meetings blog: [http://www.if WATCHNET.ORG/wb\\_annual06/](http://www.if WATCHNET.ORG/wb_annual06/)

- World Development Movement blog, featuring a 13-minute video of events in Batam and Singapore: <http://www.wdm.org.uk/news/SingaporeBan13092006.htm>
- Jubilee USA blog: <http://jubileeusa.typepad.com/>

**Websites providing summaries of the events**

- Bretton Woods Project: <http://www.brettonwoodsproject.org/art.shtml?x=542954>
- Eurodad: <http://www.eurodad.org/articles/default.aspx?id=733>
- Jubilee South: <http://www.jubileesouth.org/>
- La Via Campesina: [http://viacampesina.org/main\\_en/index.php](http://viacampesina.org/main_en/index.php)
- World Development Movement: <http://www.wdm.org.uk/news/SingaporeBan13092006.htm>