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WORLD BANK ANNUAL REPORT: A STUDY IN SELF SATISFACTION

The World Bank's 1994 Annual Report is yet another public relations exercise intended to bury serious concerns about its operations under a mound of numbers and platitudes.

"The Bank is trying to portray itself as a flexible organization in tune with the needs of the world," said Marijke Torfs, International Program Director for Friends of the Earth, a founding member of the U.S. 50 Years Is Enough Campaign. "Its Annual Report reads like a sequel to Alice in Wonderland. The Bank's perception of its role as champion of the poor is as skewed as the world Alice entered."

While speaking the language of change and reform, the World Bank remains mired in the philosophy of the past. The Bank has learned to respond to its critics by funding conferences and pilot programs, diverting attention from the fact that the overwhelming majority of its lending is still geared toward environmentally unsound mega-projects and structural adjustment programs which do more to line the pockets of the elite than to fill the stomachs of the poor.

There are a number of interesting figures in the Annual Report which did not make their way into the World Bank's news release on the report:

- The Bank's hard-loan window (the IBRD) actually *took in US\$731 million more in debt payments than it provided in new loans last year.*
- The total external debt of developing countries at the end of 1993 totalled US\$1.7 trillion, an increase of 6.5% from 1992. The report does not mention that between 1992 and 1993 *total outstanding debt owed to the Bank increased almost 6%*, from US\$152 billion in 1992 to US\$161 billion in 1993.
- While the report notes that adjustment lending as a whole has gone down, it fails to mention that *the percentage of IDA funds going to structural adjustment rose from 20% in fiscal year 1993 to 29% in fiscal year 1994.*

(more)

"The World Bank would like people to applaud it for its forward-thinking and willingness to invest in the future," said Torfs. "Yet when we hear their newly invented buzzwords, such as 'people-first environmentalism,' we can only conclude that public relations, not development effectiveness, is their main concern. Their inability to translate rhetoric into effective action has led to the waste of billions of dollars, the deepening of poverty and the expansion of global environmental degradation."

- In its Annual Report, the Bank congratulates itself for organizing a conference on hunger in Washington in late 1993. What the Bank fails to mention is that NGOs from around the world dominated the meeting with articulate demands for an overhaul of Bank-IMF structural adjustment policies in order to get to the root causes of poverty and hunger. Muhammed Yunus, President of the Bangladesh-based Grameen Bank, poignantly cited "the miseries caused by structural adjustment programmes imposed on (a large number of countries) by the World Bank," but *the Bank has chosen to ignore these criticisms and recommendations*. While Bank President Lewis Preston has declared that "sustainable poverty reduction is the benchmark by which our performance as a development institution will be measured," the Bank continues to cling to its discredited adjustment policies that have created and deepened poverty throughout the world.
- The World Bank's much-touted new information policy is being sold to the international community as a radical opening of the institution's books. In fact, it only makes relevant documents available after approval by the Bank's Board of Directors, meaning that *affected citizens can only learn after the fact what the Bank will be doing to their communities*. Its pre-approval public document -- the PID -- provides no more than a few pages of sanitized information on complex projects which sometimes involves hundreds of millions of dollars.
- The internal situation at the World Bank is no better. According to an internal Bank review to be published next month, *over 60% of the audits of World Bank projects are not received in time*, making them "inconsequential for project management purposes." The report, by the Financial Reporting and Auditing Task Force, also states that "Financial statements frequently are not reviewed or are reviewed by staff without the necessary skills to identify significant problems and to take appropriate action."

The praise the World Bank heaps upon itself in the Annual Report is troubling, given the fact that the need for reform of the World Bank, along with its sister institution, the IMF, is on the agenda of meetings of the G-7 heads of state, the Commonwealth finance ministers and the United Nations.

The Annual Report makes much of the World Bank's 50 years of experience, its 'product mix' of finance, policy advice and research and the fact that it 'remains the only development institution in the world with a long-term partnership with virtually every developing country.' Friends of the Earth's Marijke Torfs said, "It's tragic that these resources are being squandered as a result of the unwillingness of the Bank to hear and respond to its partners' concerns."