THE DEVELOPMENT GROUP FOR ALTERNATIVE POLICIES

THE DEVELOPMENT GAP

THE WORLD BANK AND USAID IN AFRICA:

The Tragedy of Structural Adjustment, the Promise of Broad-Based Participation

Testimony presented by Douglas Hellinger
before the
Senate Committee on Foreign Relations,
Subcommittee on African Affairs

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(THE DEVELOPMENT GAP)**

**BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS,
SUBCOMMITTEE ON AFRICAN AFFAIRS**

REGARDING THE "PEACE, PROSPERITY, AND DEMOCRACY ACT OF 1994"

24 MARCH 1994

Mr. Chairman, Members of the Committee, thank you for the opportunity to testify once again before you.

As we have testified in the past, U.S. development assistance to Africa -- both bilateral and multilateral -- has not been helping the people of that continent to better their lives, despite the good intentions of Congress. To the contrary, over the past 15 years, by supporting the structural adjustment lending of the World Bank, by not holding our own USAID officials accountable to Congressional mandates, and, most importantly, by not listening to the African people, who know best their own reality, we have contributed to the steady economic and social decline across the region.

Evidence of failure is overwhelming and, while we are not calling for cuts in aid to Africa, we are urging the Congress to help, and perhaps push, the Administration to change course. If we continue to ignore the causes of this failure, we will be abandoning our friends in Africa who have been working against great odds to overcome the economic crisis on their continent.

For almost two decades The Development GAP has worked with partners in Africa to develop alternative mechanisms of development assistance and to ensure that local perspectives and priorities are heard in policy circles in Washington. We have conceptualized and helped the Congress create the African Development Foundation, helped AID and the World Bank direct economic assistance to the local level in a number of African countries, assisted Congress in the development and monitoring of the Development Fund for Africa (DFA), and, most recently, helped USAID's Chief of Staff and the NSC develop a community-based assistance plan in Somalia. Over the past year, we have also developed a close relationship with a network of African grassroots women's organizations fighting against World Bank- and IMF-promoted adjustment programs across the continent, arranging a highly successful week of workshops and meetings for them with the Congress, the Clinton Administration and the media. And now, at this critical juncture, when it has finally been recognized in official circles that economic reforms are creating social crises around the globe and when our country is re-evaluating its programs of economic assistance, we will continue to honor our commitment to our partners in Africa by not sugarcoating the views coming from their grassroots constituencies.

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The "Peace, Prosperity, and Democracy Act of 1994"

The good news is that H.R. 3765 signals a solid start toward fundamentally reorienting our assistance programs in Africa, as well as in the rest of the developing world. We have been attempting to play our part, working with the USAID Administrator in outlining an approach that supports and builds upon the democratic participation of a broad range of population groups and citizens' organizations in their respective countries. Language to that effect has become an integral part of Title I of the current bill, and it complements other priority elements of a sustainable development strategy that the Agency will embrace: greater equity and self-reliance; broad-based growth; support for small producers; a central role for women; the promotion of workers' rights; the enhancement of local productive capacity; an increase in real incomes and access to productive resources for the poor; and addressing the root causes of environmental degradation. If implemented effectively, this strategy would mark a sharp departure from our current approach to our economic relations with Africa.

As you well know, however, it is a long way from good language to effective implementation. The DFA legislation seven years ago included similar, though not quite as far-reaching language, but AID ignored key elements of that initiative. Even the Agency's own reports demonstrated that little or no popular input was elicited in the development of AID's programs on the continent. Our own research in Senegal uncovered the fact that, some four or five years after the DFA went into effect, no internal directives on it had been issued by the Mission Director, and Mission staff did not know that the DFA provided resources for non-project assistance nor that collaboration with NGOs or a larger role for women were key elements of AID's new Africa policy. Since no local farmers' organizations were ever consulted during the planning and design of a new agricultural sector adjustment program, for example, AID personnel did not know that its non-project assistance was helping to increase production costs at a time of stagnant farmer incomes. The effects on poor farmers, particularly women, were clearly counter to the goals of the DFA.

Part of the problem with both the DFA and the current legislation is that Congress has limited means to enforce compliance. **If USAID is to be given greater flexibility in its operations, it should be required to present Congress with evidence that it has developed its country assistance strategies with the active participation of a broad range of local organizations and that the projects, programs and policies that it has supported also emerged from similar processes**. In addition, Congress may want to eliminate some of the contradictory language in the 1994 Act, language which also plagued the DFA. For example, we find in Section 1201 a claim that current economic reforms in Africa -- after more than a decade of donor imposition -- still "hold promise" of progress in sustainable development, when these reforms have in fact yielded just the opposite of the "equitable, participatory, environmentally sustainable and self-reliant" economic growth and development cited as a goal for Africa some ten lines later.

Such unsubstantiated claims should be eliminated and **greater attention paid to the real engine of economic development in Africa -- small-scale agricultural producers and processors, which in Africa are mostly women producing food for the home and market**. Support for small-scale, food-based agriculture should be cited in Section 1102 as a key means of achieving enhanced food security, and such producers should be eligible for assistance under Section 1104, currently entitled "Microenterprises and Other Credit Programs".

Broad-Based Markets for the Future

Furthermore, **Section 5001 -- and, in fact, all of Title V (Promoting Growth through Trade and Investment) -- should be informed by the participatory and developmental language of Title I.** As presently written, the Statement of Policy in Title V makes certain assumptions about the development process that are not borne out in fact, particularly in Africa: that "free markets", "free trade" and U.S. trade and investment represent powerful means for promoting economic growth and development and that the "twin tracks of commercial engagement and longer-term sustainable development represent complementary means" of creating global prosperity. The danger here is that Section V, as a practical matter, establishes as U.S. policy the dismantling of any trade protection for African small farmers (many of whom are highly vulnerable to cheap Northern imports), as well as for fledgling small enterprises, despite the fact that together they constitute the future for equitable and sustainable development on the continent.

It would also send the unfortunate message to policymakers and program officers in the Executive Branch that they should continue to push African and other governments to give incentives to export production and foreign investors over local, domestically oriented producers at a time when the development of local capacity and purchasing power is critical. **The development of broad-based markets and healthy and skilled workforces, as well as domestic political stability, that will attract both domestic and foreign investment and expand international trade will depend upon more equitable, self-reliant and sustainable growth than is envisaged in this section.** In other words, full and open "commercial engagement" in the short and medium term may, in fact, undermine the longer-term prosperity of the poor majority in many African countries.

At the same time, **while much of the language in Section 5001 should be modified to reflect African and other Third World realities, it is important to maintain the Workers' Rights sub-section in this Title.** The current language challenges governments to maintain or strengthen their protection of these rights despite temptation to yield to low-wage economic strategies. **The Congress may also want to add a provision requiring U.S. companies receiving risk insurance to ensure that companies with which they contract abroad also respect basic labor rights.**

The International Financial Institutions and the Failure of Adjustment

Another and perhaps even more important change that should be made in the legislation before you is **the complete overhaul, or perhaps the elimination, of Section 1301 on International Financial Institutions (IFIs).** Although also only a statement of policy, this section endorses the current macroeconomic and sectoral adjustment programs promoted, and often imposed, by the World Bank and International Monetary Fund. As such, it contradicts much of what comes before it in Title I on promoting greater equity, self-reliance, environmental sustainability and popular participation and supporting the key role of small-scale producers, particularly women.

Much as in the case of the reforms being imposed on the Russian people in return for Western financial assistance, we have to take with a grain of salt what we hear from IMF, World Bank and Treasury officials about the need to continue to push similar reforms in Africa. For, in

short, these adjustment programs are killing Africa. And, after a decade of pleas for change from the people of Africa, many of their governments, UN agencies, and NGOs around the world, we now have evidence to that effect from Treasury Undersecretary Lawrence Summers. Summers, not considered a friend of Africa when he was World Bank Chief Economist, testified in the House of Representatives last year that poverty sharply increased on the continent during the 1980s, often known as the "decade of adjustment". Not only did the number of poor people rise--17 percent from 1985 to 1990 alone -- but the poor actually became poorer. And, according to Summers, the figures for life expectancy, infant mortality and primary-school enrollment "are equally grim".

This is not the story that the World Bank and IMF are telling, however. Instead, the Bank has just released another public-relations initiative entitled Adjustment in Africa: Reforms, Results, and the Road Ahead, which claims that countries that have most closely followed its advice have grown the fastest. Given the Bank's sorry record on the continent, this volume and its companion case studies have not been well received. In England, the BBC has questioned the Bank's self-interest in evaluating its own policy prescriptions, while The Economist accused the Bank of "complacency" on the issue of poverty and stated that it "desperately needs to see success" whatever the reality on the ground.

One of the strongest reactions has come from the British charity Oxfam, which condemned the report as a "blend of half-truths, over-simplifications and institutional propaganda" and claimed that the Bank "...has lost any claim to intellectual and political credibility." Last year, Oxfam condemned the "fundamental failure" of adjustment programs in Africa "...either to create a platform for sustained economic recovery, or to enable the poor to benefit from market reforms." Even where adjustment programs have led to modest increases in economic growth, says Oxfam, "there is no evidence that they have substantially reduced poverty levels, or reduced trade deficits and inflation to sustainable levels. Moreover, their 'success' has been based on substantial aid transfers, rather than on investment-led recovery."

Not surprisingly, the World Bank claims from the beginning of its report that adjustment is working, contradicting some of its own previous positions and that of other agencies on the subject. A draft 1992 Bank study, entitled "Why Structural Adjustment Has Not Succeeded in Sub-Saharan Africa", stated that "World Bank adjustment lending has not significantly affected growth and has contributed to a statistically significant *drop* in the investment ratio" [emphasis added]. Significantly, of the six countries that the Bank now puts forward as adjustment "successes" -- Ghana, Tanzania, The Gambia, Burkina Faso, Nigeria and Zimbabwe -- four had deteriorating rates of investment and two had negative GDP growth rates during their respective adjustment periods.

Adjustment in Africa conveniently ignores the social disaster in countries like Tanzania and the full effect of large donor aid infusions in Ghana and takes credit for gains in Zimbabwe and Burkina Faso despite the fact that they undertook their own adjustment processes that in key areas contradicted the Bank's advice. Furthermore, throughout the report, the World Bank claims that the failure of adjustment in certain African countries was due to the lack of government compliance in carrying out loan conditions. However, only 21 of the 241 adjustment loans made to African countries during the 1980s were abandoned or terminated before completion, and two major Bank evaluations of adjustment lending have reported that 75 percent of all program conditions had been fully or substantially implemented in Africa during that decade.

A Grassroots Look at the Adjustment Record

The Bank itself financed some 136 adjustment programs in Africa between 1982 and 1992 at a total cost to taxpayers of some US$13 billion. What did we get for our money? While the Bank claims that, in those countries undertaking adjustment, producer prices increased substantially, these benefits have gone primarily to farmers producing a surplus and to large-scale commercial farmers, according to UNICEF. Millions of poor, small-scale farmers, on the other hand, have been hard hit by tight credit policies, cuts in extension services and the withdrawal of subsidies on agricultural inputs under adjustment programs, as well as by the deterioration of roads and other infrastructure. For the landless poor, rural wages have generally been stagnant and purchasing power has been reduced by higher food prices. According to UNICEF, adjustment programs have "...intensified the inequality of incomes within both the rural and the urban sectors."

Domestic food security has also decreased markedly. In countries like Burkina Faso and Sierra Leone, which used to be self-reliant in rice, sorghum and millet, the excessive reliance on primary commodity exports and relatively cheaper food imports has meant that domestic food production has dropped drastically. Undifferentiated and sudden trade liberalization pushed by the Bank in Africa has often devastated local food producers, as well as local industries. In Ghana, for example, one of the Bank's star pupils, the government has complained of the damage caused to local rice farmers by the boom in cheap imports that followed import liberalization. In Zimbabwe, local industries, facing heavy international competition as a result of the new trade liberalization program and unable to replace aging equipment due to a steep currency devaluation and high interest rates, have begun to retrench and/or collapse.

Many of these countries now rely more than ever on exporting such primary products as cocoa, coffee and cotton to Europe and North America for revenue that keeps diminishing as commodity prices plummet in world markets. In addition, currently only one-tenth of the final value of Africa's coffee and cocoa exports stay in the region. Oxfam, in a report last year, condemned the IFIs for "...encouraging countries producing a narrow range of commodities to expand production simultaneously, for already saturated markets characterized by relatively fixed levels of demand." Oxfam suggests instead a policy of increasing investment in local processing, which would create jobs and income and allow Africa to gain a greater share of the value of its exports.

The Social Cost of Adjustment

As Larry Summers himself has suggested, the record on the social side of the ledger is not much better. The Bank fudges its figures to claim that social spending did not decline in Africa during the 1980s, but UNICEF, a much more credible source in this area, states otherwise: that government spending on education fell by more than 50 percent on the continent; that real per-capita spending on health had dropped below the 1980 level in over half of sub-Saharan African countries; and that, in the "success story" of Tanzania, real per-capita expenditures on both education and health were cut basically in half. The quality of education also declined as the number of teachers fell, salaries failed to keep up with inflation, and spending on school construction and other educational infrastructure dropped.

The World Bank has actively promoted the introduction of user fees for schools. In Kenya, primary-school education, once free, will now cost about US$44 per month, while monthly fees in government secondary schools have doubled from US$90 to US$180. These costs are well beyond the reach of most parents in a country where the minimum monthly wage is US$24 and the average per-capita income is approximately US$350 a year. Similarly, in Zimbabwe, school fees have increased threefold over the past five years while wages have remained static. The increase in fees, as well as the need for child labor due to the economic crisis, has forced families across the continent to pull their children from school, leading to a drop in school enrollment. The percentage of children enrolled in primary school in sub-Saharan Africa fell from 80 percent in 1980 to 69 percent in 1990; in Tanzania it declined from 90 to 60 percent between 1982 and 1988.

User fees for health services have also been promoted by the Bank. Oxfam reports that since Zimbabwe's government introduced fees at health clinics, three times as many women at Harare central hospital have died in child-birth. Spending cuts under adjustment programs have also led to a brain drain of doctors, absenteeism, inefficiency and corruption in the health service in such countries as Uganda. As a result, communicable diseases like yellow fever, malaria and cholera, which until recently were believed to be under control, have re-emerged with a vengeance on the continent.

By the year 2000, according to UNICEF predictions, African children will account for 39 percent of infant deaths worldwide, compared with 29 percent in the mid-1980s. In 1990, an estimated 4.2 million African children under the age of five died as a result of malnutrition-related disease. Another 30 million were underweight. Infant mortality rates in Africa are 50 percent higher than the average for low-income countries and over 50 times higher than in the industrial world. While the World Bank remains silent on the issue, UNICEF reports that undernutrition in Africa rose from about 22 percent in 1979-81 to 26 percent in 1983-85 and that tens of millions are affected by poverty-related health problems, including AIDS.

The Growth of Poverty

In its 1993 annual report, the UN Conference on Trade and Development (UNCTAD) stated that structural adjustment programs had been poorly designed and that the policies needed to be revised considerably "...if the rise in poverty is to be reversed and the marginalisation of Africa halted." It noted that per-capita incomes on the continent were well below 1970 levels and that, given current trends, it would take 70 years to double incomes. The Bank itself acknowledges that even in its "success story", Ghana, "...the average poor Ghanaian will not cross the poverty line for another fifty years."

In another of the Bank's so-called "successes", Tanzania, large sections of low-income earners have seen their living conditions deteriorate, with women, youth, children and the disabled the hardest hit. Tens of thousands of young men and women leave primary and secondary schools every year, while the number of jobs created have declined to about 5,000 per year during the past few years. A news-wire report quotes a senior police officer as saying that because of the hardships many unemployed youth are now engaged in excessive drinking, drug abuse and trafficking, armed robberies and pick-pocketing.

In Zambia last year, the story of a desperate woman trying to sell her kids made front-page news. The woman was prepared to sell her four-year old daughter for US$15 and her two-year old for US$7.50. Currently, at least 20 percent of Zambia's labor force is composed of children, and the percentage is rising. Malnutrition in the country is also on the rise: a recent study by the University of Zambia revealed that 20 percent of Zambian children die before they are five, while 25 percent are malnourished. Due to budget cuts mandated under the adjustment program, government agencies dealing with the destitute find themselves short staffed and underfunded.

Meanwhile, the best that the Bank report can say on the subject of poverty in Africa is that the "...majority of the poor are probably better off and almost certainly no worse off." It admits, however, that "Africa is the only part of the world where the number of poor is increasing" (itself an arguable assertion), but then prescribes more of the same medicine. Not having bothered to talk to the very people who are living with the development disaster it has helped to create in Africa, the Bank goes on to say that it is "...a sorry state of affairs when we know least about poverty in the region where poverty is most a problem." A sorry state indeed. The Economist quotes one Bank official as saying, "Knowing what the truth is, self-deception had to become a way of life."

The World Bank's Lost Credibility

This mumbo-jumbo of contradictions, illogic and deceptive assertions in the Bank's report reaches its nadir in a sub-section entitled "Adjustment-Led Growth Has Probably Helped the Poor". "This faster [economic] growth *in all likelihood* reduced the deterioration in the conditions of the poor," the report hypothesizes. "Incomes have been rising (or not declining as fast), so the depth of poverty is *likely* to have been less severe, and the absolute number of people falling below the poverty line *may have been reduced somewhat*. Moreover, the gains from growth *may well have benefitted* the poor, and especially the rural poor, disproportionately" (emphasis added).

This insensitive attempt to dismiss the realities and suffering of the poor with self-serving assumptions is vintage World Bank. Rejecting any field evidence with which it disagrees as "anecdotal", the Bank itself has little interest in the impact its policies have on the ground, as witnessed by the fact that the seven country case studies it carried out to support its adjustment report were not field based.

Furthermore, it apparently drew heavily for its conclusions about poverty on an inconclusive set of AID-financed studies carried out by David Sahn and the Cornell University Food and Nutrition Policy Program. Although the authors of the studies claim that the poor in Africa have not been hurt by adjustment, a project evaluation carried out by the Harvard Institute of International Development stated that the usefulness of the models developed for these studies was "limited principally because of the poor quality of the data and the absence of post-adjustment survey data." The evaluators also pointed out several cases in which the conclusions reached by the Cornell team were inconsistent with the data that was reported. This five-year, US$10-million-plus Policy Reform and Poverty Project also had serious methodological flaws, including the fact that neither the conceptual models nor the data collected were gender disaggregated and hence can in no way accurately describe or reflect the actual effects of adjustment programs on local populations.

A call to the AID Administrator's office for a comment on the Cornell studies solicited the response that "the Project was initiated under the previous Administration and its conclusions do not necessarily represent the views or the position of the Agency today." We were also told that USAID is not satisfied with the nature, undemocratic formulation and results of adjustment programs globally and that it is beginning to explore alternative approaches to economic development, in part through participatory processes in the field.

The World Bank, however, is not about to change its ways without strong external pressure. We recently met with the Bank's top management in the Africa Region -- people we have worked with in the past -- offering, along with Third World colleagues, a partnership through which to revamp the institution's programs by infusing them with local reality and experience. But, faced with a failed policy that carries with it the wasted investment of billions of dollars and the tainted reputations of scores of bureaucrats, economists and academics, the Bank is continuing to cling to the fantasy that its policies are working while suffering in Africa has continued and intensified into the '90s.

A Call for Fundamental Change

In a major study released two years ago, UNICEF stated that adjustment policies in Africa had "failed" and called for a new development strategy "more egalitarian and democratic than the policies adopted by most post-independence governments or currently favoured by the IMF and the World Bank." The Bank's own 1992 draft report also made the observation that "the peculiar structural characteristics of African economies may require altering the standard Bank reform programs in fundamental ways."

Hence, the first step in improving our assistance strategy in Africa is to **put a halt to World Bank and IMF structural adjustment programs as currently constituted**. Rather than contributing to the achievement of the new stated objectives of our bilateral aid program, these programs have failed to stimulate broad-based economic growth and productive investment. They have further impoverished poor and working people, particularly women, while accelerating environmental degradation. Furthermore, the secretive process through which these programs are designed and implemented undermines democratic participation, a hallmark of the new legislation.

At the same time, we must try to **reorient IFI and other official lending for economic reform to address the root causes of poverty and to support equitable, sustainable, self-reliant and participatory development**. To be effective, economic-reform lending must serve to strengthen a wide variety of productive activities of the rural and urban poor, particularly women, who grow the food and do 80 percent of the agricultural work on the continent. We should support policies that ensure small producers access to affordable credit and other critical inputs and protect them from unfair competition so as to allow an expansion of local productive capacity. In other words, we should help level the economic playing field, both domestically and internationally. We should be supportive of policies that increase rather than diminish local self-reliance and broad-based domestic demand, promote equity in the development process for women and other marginalized groups, enhance workers' rights, and ensure environmental sustainability. With government budgets tight everywhere, we should focus on key investments in much-needed social and physical infrastructure, especially investments in female health, education and economic opportunities.

We need to be careful, however, both in our bilateral program and in our contribution to multilateral lending, not to overinvest in short-term, poverty-alleviation programs and social-investment funds. These programs are palliatives which do not address the flaws in the economic model and are currently being promoted by the Bank in order to take the pressure off their failed adjustment programs. They will eat up money rapidly if the basic development model that is creating new poverty is not changed. Rather than throw good money after bad, **we need to invest in the poor themselves, in the activities they undertake, in their education and health, and in their wage-earning potential**. We should not be afraid to **invest in the organizations of the poor and in their social movements** so as to help empower them to better negotiate opportunities and changes in their respective societies.

Revamping USAID

To do this effectively, **we must take advantage of the decentralized nature of our bilateral program and move USAID staff out closer to the people they are there to serve**. We must free them of much of their bureaucratic paperwork so they -- and not contractors -- can stay in touch with and then build upon what is being done and supported at the community, municipal and provincial levels. And the time has come to invest more in local African organizations rather than U.S. PVOs wherever possible. Congress should only **give the Agency the necessary flexibility needed to respond to local initiatives by eliminating earmarks and other forms of micromanagement if it feels that AID is committed to a major revamping of its operations, a restructuring of its field missions, and the development of its country strategies and the programs it supports in response to local needs, perspectives and priorities.**

Underlying all these investments and the reorganization itself must be a real operational commitment to the principle and operational methodology of eliciting the active participation of local populations and their organizations, as stated throughout Title I of the State Department's legislation. Mechanisms of accountability must be established and citizens must have full access to the information necessary to make effective input into, and otherwise participate in, the design and evaluation of all programs, including the economic-reform programs supported by the IFIs. These programs, in particular, must emerge from and be built upon, rather than undermine, the democratic participation of local populations. The most important economic decisions in developing countries and nations in transition -- decisions that are significantly reshaping the lives of people at all levels of society -- are currently being imposed from the outside without drawing on the knowledge and perspectives of a broad range of constituency groups as to the appropriate direction, content and pace of the adjustments being made. **To support real democracy and ensure that the programs we support are appropriate for local conditions, we should underwrite the active participation of a broad range of constituency groups in the formulation of adjustment programs.**

Therefore, regardless of whether H.R. 3765 becomes law, AID should be expected to honor its commitment to supporting democratic, popular participation as expressed in Section 1102. Of particular importance is sub-section (c)(1), because it commits the Agency to "...incorporate the local-level perspectives of all participants, especially the rural poor and women, in the identification, design, implementation, and evaluation of projects, programs, and development policies, as well as in the design of country assistance strategies and overall strategic objectives." Effective implementation of this clause would not only have far-reaching and highly positive consequences for AID's work, it would also place it in a position to bring local-level information

and analysis to bear on U.S. decisionmaking related to the World Bank and the other IFIs. **We therefore strongly urge increased operational independence for AID within the State Department so it can better respond to local realities on the ground and an increased role for the Agency alongside Treasury in setting U.S. policy at the IFIs.**

Removing IDA from the World Bank

It is clearly more difficult to hold the World Bank accountable to its commitments and rhetoric. The record of the International Development Association (IDA), the program through which the Bank primarily funds in Africa, is a case in point. Contrary to the common belief, propagated by the Bank and U.S. Treasury officials, that IDA is serving the poor, it has in fact undermined the poor's ability to contribute to their respective societies as producers, workers and consumers. While cutting IDA funds would not directly hurt the poor, it would, however, limit the ability of debt-ridden African governments to purchase critically important imports.

The situation calls for a two-pronged strategy: the further reduction of African debt without structural adjustment conditionality; and the removal of IDA from the World Bank Group. An independent IDA could continue as a concessional-aid mechanism but with more democratic and accountable governing and operational structures. Drawing on precedents elsewhere, it should have representatives not only of governments on its board, but also of citizens' organizations so as to increase relevance and accountability to local populations. The institution could also include other soft-loan and grant windows through which to finance subsidized-credit projects and social programs in all client countries. Discussions of alternative institutional modes for IDA took place at the time of its founding three decades ago, and, with the program still dependent on taxpayer money rather than international capital markets for its funds, there is no good reason why the splitting off of IDA from the Bank could not be effected in order to solve the current dilemma of the program's mismanagement and lack of accountability. A growing number of organizations, including a coalition of some 25 church, environment and development groups formed around the 50th anniversary of the Bretton Woods institutions, are actively promoting this idea, and **we recommend that the Congress begin to explore options in this area, as well.**

Again, thank you for the opportunity to address the Subcommittee. We look forward to working with you and others in the Congress and the Administration to reassess the nature of our assistance to Africa and to develop new options for the future.

This testimony was prepared by Douglas Hellinger and Ross Hammond with the assistance of Lisa A. McGowan and Cheryl Brown.

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