

## **WORLD BANK COURTS NGOs AS WOLFOWITZ TAKES HELM**

**April 2005**

On 21-22 April, just after the spring meetings of the IMF and World Bank in Washington, DC, the World Bank plans to host a Global Policy Forum, focusing on the "poverty reduction strategy" (PRS) process and World Bank-civil society relations. James Wolfensohn, President of the World Bank, is scheduled to attend for a few hours. It will likely be one of his last interactions with civil society before his ten-year presidency ends five weeks later and he is succeeded by U.S. Deputy Secretary of Defense Paul Wolfowitz.

The civil society organizations endorsing this statement believe that this Forum is designed as a public relations exercise by, and for, the World Bank. Conspicuous omissions from the list of those invited, as well as the content of the draft agenda, strongly suggest that the Bank intends to obscure its troubling record of betraying formal participatory processes developed with civil society and avoid the most fundamental questions about the PRS now required of all low-income Bank borrowers.

The prospect of helping to burnish the image of the World Bank at this moment assumes even greater importance in light of the U.S. government's nomination of Wolfowitz to serve as the Bank's next president. Wolfowitz's well-known role in planning and promoting the invasion and occupation of Iraq has raised reasonable fears that the World Bank will now be made more explicitly a tool of U.S. foreign and economic policy. We believe the Forum risks being used as a sign that civil society is open to collaborating with the Bank as the latter enters the Wolfowitz era. Given the outrage that has been expressed by groups around the world in response to this nomination, that outcome would be very unfortunate.

Those of us who were invited to attend the Forum are therefore declining the invitation, and all of us wish to caution our colleagues around the world that this event will likely be dedicated to making the World Bank look good rather than addressing the serious problems in the Bank's interactions with civil society. Participation in the forum also risks lending legitimacy to the PRS process, when its flaws are so serious that it cannot be considered reformable.

The World Bank controls this Forum, from deciding who is invited to what is on the agenda

and how the meeting is conducted. The Bank is covering all the costs, which are undoubtedly substantial.

The absence from the invitation list of virtually all of the people involved in the World Bank's previous significant engagements with international civil society should concern those considering attending. Several thousand organizations and individuals were involved in these exercises from the civil society side, many of them prominent voices in international development. This suggests that the Bank is using its control to prevent the Bank's recent history from being part of the discussion.

During the last ten years, the World Bank has participated in three lengthy international engagements with civil society on crucial development issues: structural adjustment (Structural Adjustment Participatory Review Initiative), large dams (World Commission on Dams), and oil, mining, and gas exploitation (Extractive Industries Review). In each of these initiatives, the Bank rejected the exercise's ultimate findings when they turned critical of its operations, and it demonstrated a degree of bad faith so substantial as to cast suspicion on the Bank's motivations in any interaction with civil society.

We understand that activists opposing specific World Bank projects or working to influence national economic policy in their respective countries sometimes find it necessary or helpful to meet with the Bank. We would distinguish this conference from such meetings on the grounds that it offers no new information and little realistic chance of influencing policy. The constricted agenda will also limit the possibilities of productive conversation -- the first full day, for instance, is devoted to the controversial PRS process, but provides for no discussion of the program's value or function, or of its single most controversial element, the exclusion of civil society from discussions on macroeconomic policy. In addition, the World Bank has yet to perform a serious review of the poverty impacts of the PRS, which would seem an elementary first step in evaluating its efficacy. Without any evidence that the PRS reduces poverty, the first day's agenda on improving the PRS bypasses the essential question of whether the PRS is even viable.

What the meeting does offer is the chance for the World Bank to escape accountability for its previous failings while looking out on the gathered crowd and reassuring itself, the media, private funders, parliamentarians, and government officials that it is open and communicating with a broad range of civil society. It offers the Bank the opportunity to reassure itself that cosmetic engagements will suffice to satisfy civil society, and that no further, more substantive engagement is necessary. It also offers one more chance for Wolfensohn to be honored for changing the orientation of the Bank toward civil society, regardless of the fact that, under his

presidency, the Bank refused to implement the results of extensive civil society engagements and to change highly detrimental aspects of its operations opposed by citizens around the world.

More ominously, the forum is designed, despite the Bank's record, to enhance Bank-civil society relations at a time when the Bush Administration appears intent on intensifying the use of the institution to advance U.S. hegemonic interests through a new management team. Indeed, we can anticipate the promotion by the Wolfowitz Bank of structural adjustment and other free-market macroeconomic policies under the guise of "democratic reforms", as has been the practice of the Bush Administration.

Hence, we urge all civil society groups to approach with caution any suggestion that a new formal mechanism for ongoing consultations between civil society and the World Bank be created. One such formation, the Joint Facilitation Committee (JFC), is now ending its difficult and largely unproductive two-year lifespan, with many of its members apparently eager to be done with it. The JFC was set up two years ago by the Bank and selected non-governmental organizations for the expressed purpose of enhancing World Bank-civil society relations, while thousands of citizens' groups were still trying to hold the Bank accountable for not complying with the results of previous engagements.

The JFC was originally slated to organize this Forum, but ultimately decided against it. Its other tangible project, a report on the Bank's relations with civil society, which is due to be issued at the time of the Forum, has seen its credibility drawn into question because the Bank has provided its funding and because many groups involved in consultative processes, citing the Bank's ultimate refusal to respect final outcomes, declined to participate.

Any new vehicle resembling the JFC -- designed to promote cooperation between the World Bank and civil society without introducing accountability for the Bank's actions -- is likely to prove equally frustrating and controversial, particularly in light of the U.S. choice to lead the institution over the next five years. We urge our colleagues to turn away from distractions like the JFC, the Global Policy Forum and never-ending and often counter-productive "dialogue" with the Bank and to intensify the dialogue, strategizing and mobilizing within our own community to effect fundamental change in the international financial institutions and their pernicious practices.

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