THE DEVELOPMENT GAP

International Rivers Network

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# CRITICS' ATTEMPTS AT CONSTRUCTIVE DIALOGUE FIND WORLD BANK LESS THAN ENGAGING

## Bank's Repeated Failure to Heed Citizen Input Belies Its Challenges to Demonstrators

For all its calls to protesters to leave the streets and engage it in dialogue, the World Bank, six years after James Wolfensohn became its president, is still unprepared to work productively with citizens in the South and North to address the policies and operations of the Bank that most significantly and directly affect them.

"Many of us who count ourselves among the Bank's strongest critics have tested the Bank's sincerity in this era of 'dialogue' and have found it woefully wanting," said Steve Hellinger, president of The Development GAP (www.developmentgap.org) , which has coordinated the participation of global and national civil-society networks in the Structural Adjustment Participatory Review Initiative (SAPRI). "The Bank remains unbending in its imposition of its economic agenda around the world and unwilling to use the invaluable knowledge that civil society has been providing it to promote economic justice, progress and stability."

In addition to coordinating one of the most ambitious initiatives ever taken by civil society worldwide with the Bank, The Development GAP had also worked with the Bank in seven countries in the 1970s, helping to put together urban projects with citizens' groups.

Major initiatives taken by the Bank with citizens' organizations in recent years include: the launching of the World Commission on Dams (WCD), which released its findings and recommendations earlier this year on the impact of the financing of large dams; the development of Poverty Reduction Strategy Papers (PRSPs) as the framework for Bank lending in the world poorest countries; the establishment of an Extractive Industries Review following Wolfensohn's commitment at the Bank/IMF Annual Meetings in Prague last year to investigate the impact of the Bank's investments in mining and fossil fuels; and the launching of SAPRI in 1997 with civil society and governments in eight countries to assess the impact of key economic adjustment policies on major economic and social sectors. The Bank has also deliberated with NGOs on Bank policies related to environmental safeguards, forestry and logging, and information disclosure.

In none of these areas has the Bank's response to citizen input and recommendations and to joint learning been considered close to satisfactory by those involved. Concerned that the Bank has been engaging citizens' groups primarily for public-relations purposes, civil-society participants in the above-mentioned initiatives

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met in Washington in late September to share experiences as the basis for informing other civil-society organizations considering involvement with the Bank. A review of these initiatives revealed many commonalities. Paramount among them are:

* The reneging by the Bank on many of the agreements and commitments it has made with and to the organizations it has engaged regarding the process and product of the endeavors;

* Efforts by the Bank to control and manipulate the endeavors and to use consultations with civil society to validate and advance its own positions and objectives;

* Efforts by the Bank, when it has been unable to control initiatives, to distance itself from their outcomes and to avoid implementation of recommendations.

Overall, the meeting's participants agreed, the Bank has demonstrated little or no interest in achieving meaningful policy changes as a result of these initiatives. In fact, engagement with the Bank has entailed continual struggles to hold it to its commitments.

The participants agreed, however, that despite this track record there are reasons at times for engaging the Bank in joint endeavors. These have included, for example, opportunities to mobilize local populations and to demonstrate their capacity to contribute on policy issues, opportunities to hold the Bank publicly accountable, the prevention of Bank manipulation of other civil-society groups and the need to prevent the reversal of gains made previously by civil society.

According to Patrick McCully of International Rivers Network, a leader in the negotiations with the Bank on the WCD (see www.irn.org/wcd), the opportunity to commit the Bank to the joint creation of an international commission to review the impacts of dam building was too important to ignore. There have, in fact, been numerous benefits to NGOs from the WCD process. Its final report is a milestone in global debates over water and energy policies. Some companies, governments, and development banks have welcomed the WCD's report and committed themselves to implementing its findings.

"The World Bank, as a key sponsor of the WCD, should be actively incorporating the Commission's findings into its own policies and practices and encouraging others to do so," said McCully. "Yet the Bank has refused to adopt any of the WCD's recommendations into its binding policies and has made only vague commitments to follow some of the WCD's recommended approaches. The Bank is also misrepresenting or ignoring the Commission's findings on the Bank's role in promoting poorly performing and destructive dams."

But, McCully continued, NGOs are determined to maintain pressure on the Bank to act on the WCD report. "If meaningful change at the Bank results from this endeavor, it will be because of the light that has been shed on the Bank's performance and because of the follow-up actions taken by our community. It will, as usual, require constant outside pressure from NGOs, dam-affected people and concerned governments to force the Bank to change its ways."

The Bank had promised to model the Extractive Industries Review (EIR) on the WCD but, in reality, has designed a process that maximizes its control, minimizes inputs from civil society and virtually ensures a result that the Bank desires. According to Daphne Wysham, a fellow with the Institute for Policy Studies, which has been intimately involved in negotiations with the Bank on energy issues (see www.seen.org), "the extractive industries review comes after years of agitation for reform, beginning in the early 1990s, by scores of NGOs and project-affected peoples who raised a number of serious concerns. These have included the World Bank's downgrading of its energy-efficiency and power-sector policies to non-binding guidelines, the scarce Bank investment in renewable energy despite Bank studies which show it is best suited for the two billion rural poor it claims to serve, and the serious social and environmental effects of World Bank fossil-fuel investments. The Bank has promised reforms and then continued with business as usual."

In light of this track record, together with the Bank's reaction to the WCD recommendations and its initial efforts to closely manage the EIR, "many NGOs," said Wysham, "have already informed the Bank that they will reject the legitimacy of the Review unless the process is opened up and unless greater transparency, independence and follow-up implementation of civil-society recommendations are ensured."

The Bank's efforts to manipulate civil-society engagement have been present, as well, in its agreement with debt-relief campaigners to link debt reduction to poverty-reduction strategies that would be shaped in each country with the participation of civil society locally. As African NGO networks meeting in Kampala earlier this year declared, the World Bank and IMF "have introduced PRSPs mainly as a public relations exercise to demonstrate a supposedly new-found concern for the poverty in the poorest countries of the South." The PRSPs," they added, "represent nothing other than yet another attempt by the World Bank and the IMF to continue imposing their structural adjustment programmes on the people of our countries.... PRSPs are located within the IMF and World Bank macro-economic framework and this is not open for debate." This paradigm, which includes "... privatisation, deregulation, budgetary constraints and trade and financial liberalisation ... has exacerbated economic and social crises in our countries."

This agenda extends to Latin America, as well. As reported by the European Network on Debt and Development, the IMF in June determined that Nicaragua had not sufficiently implemented its adjustment program and has required that the government take more stringent measures, including the reduction of shortfalls in its financial accounts and the privatization of telecommunications and energy generation. These macroeconomic requirements are reportedly reflected in the framework of Nicaragua's PRSP and have been the basis for the delay by creditor governments in negotiating a reduction in Nicaragua's debt.

The disillusionment with the PRSP process among civil society is also due to the fact that the processes organized for citizen involvement are seriously flawed, according to the organizations from Southern, East and West Africa participating in the Kampala meeting. It is not only that "civil society is being denied full and timely access to all necessary information" or that "the time period provided is inadequate for an effective participatory process," they declared. The key, they emphasized, is that "the World Bank and IMF retain the right to veto the final programmes. This reflects the ultimate mockery of the threadbare claim that the PRSPs are based on 'national ownership'."

Adds Fantu Cheru, Independent Expert on Structural Adjustment and Foreign Debt for the United Nations High Commission on Human Rights, in his January 2001 nine-country study (see www.unhchr.ch), "The [PRSP] programmes remain stringent, inflexible and in some instances very punitive, where countries have very little room to maneuver .... Although the PRSPs are supposed to be country-driven, prepared and developed transparently with a broad participation of the civil society, ... in the majority of the countries examined the participatory and transparency elements in the elaboration of the PRSPs have not been respected. As a result, the PRSPs in these countries lack credibility for the population."

In the case of SAPRI, the origins of the multi-year undertaking lay in the challenge to Wolfensohn by NGOs, led by The Development GAP after it had initiated the successful 50 Years Is Enough Campaign together with IRN against the Bank and the Fund in 1994. Organized as intensive public consultations and field investigations on four continents on the effects of Bank-promoted policies, SAPRI was launched upon the Bank's commitment to "... learn from the critics of adjustment and identify specific actions that can be incorporated in future programs" and its president's request for help from those critics in identifying "a different way of doing business in the future."

Despite Wolfensohn's assurances of cooperation, the Bank repeatedly failed to live up to commitments and agreements made with SAPRIN. Problems began with its failure to involve large, emerging-market nations, as agreed, in the exercise and to abide by negotiated conflict-resolution procedures to maintain the integrity of country exercises. As it became apparent to the Bank that it could not control the initiative at either the country or global level, it attempted to change the established rules of engagement and to block the flow of funds to SAPRIN. And, as it also became clear that the findings would be damning of its policies, the Bank increasingly marginalized SAPRI in-house to the point where Wolfensohn and other senior officials failed to appear at the culminating global forum in 2001 to receive, discuss and plan implementation of the final SAPRI results. At the same time, the Bank has intentionally misrepresented SAPRI and SAPRIN in its own reporting on the exercise.

While SAPRI has yielded extensive documentation on the effects of structural adjustment (see www.saprin.org), mobilized and involved thousands of local organizations on the issue worldwide and engendered alliances on the part of the SAPRIN civil-society network with official institutions and other social movements, the Bank, pointed out Lidy Nacpil of SAPRIN/Philippines, "has shown no interest in utilizing the results of this endeavor with civil society to inform or adapt, much less make fundamental changes in, its policies or operations."

In this context, the Bank's recent call to protesters for dialogue and Wolfensohn's declaration that "you have to be open with critics and you have to listen" ring hollow. "Going to the streets and protesting Bank and IMF policies are more important and necessary than ever," said Hellinger of The Development GAP. "As these institutions and their G-7 board members become more intransigent and as their policies breed more poverty and instability, our community remains united and ever more determined in its challenge to them."