

## THE BRETTON WOODS INSTITUTIONS: WORLD BANK AND IMF LEGACIES 1944-2000

1944. Articles of Agreement of the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF) are adopted at Bretton Woods, New Hampshire (USA) by 45 governments.
- 
1945. Articles of Agreement for the WB and IMF become effective. The WB is given the job of providing post-war reconstruction financing, but soon shifts toward addressing the needs of developing countries. The IMF is given the mission of providing short-term financing to stabilize exchange rates. The IMF's charter stipulates that the multilateral trade and investment regime (together with stable, convertible exchange rates) should complement the goals of full employment, progressive taxation, and other aspects of welfare capitalism.
- 
1946. Inaugural meetings of the WB and IMF are held.
- 
1947. Netherlands receives WB loans totaling \$195 million, which according to observers allows the Dutch government to reallocate public funds to support the colonial war in Indonesia, suppressing Indonesian independence efforts.
- 
1948. Suspension of loan negotiations with Poland and rejection of a loan to Czechoslovakia.
- 
1956. WB creates the International Finance Corporation (IFC) to facilitate joint investments with private companies.
- 
1960. International Development Association (IDA) is created as part of the WB to provide low-interest loans to the poorest nations, over the objections of Third World Governments, which wanted a separate institution.
- 
1964. WB funds Bhumibol Hydroelectric Dam in Thailand, forcibly displacing more than 3000 people, who in 1999 still had never received adequate compensation.
- 
1964. Following the military coup in Brazil, the WB decides to increase the volume of lending to the country. By 1970 the WB has lent about \$500 million to Brazil, while it had refused to give loans to the democratically elected Goulart government before.
- 
1968. In Malaysia the WB approves the first tranche of a series of loans ultimately totaling \$152 million to the federal land development authority. As a result, thousands of hectares of tropical rainforest are destroyed to grow cash-crops and peninsular Malaysia loses 6.5% of its forests.
- 
1969. WB begins funding Indonesian Transmigration Programs, eventually spending more than half a billion dollars to move millions of Javanese peasants to outlying and less populated islands, including Irian Jaya (West Papua). The schemes have devastating impacts on the forests and livelihoods of many indigenous communities, causing serious environmental damage and violating human rights. WB finally admits in 1988 that these transmigration loans were a bad idea and the funding is stopped.
- 
1970. First year that the WB receives more money in repayments than it disburses in new loans.
-

1971. First WB loan for pollution control -- \$15 million for river pollution in Sao Paulo, Brazil.

---

1972. Ceaucescu dictatorship in Romania receives large WB loans while its Government is applauded by WB officials as "leading the Romanian people to progress." By 1982 Romania is one of the WB's largest borrowers, having received a total of \$2.4 billion. The dictatorship fell amid financial scandals and massive human rights violations at the end of the decade.

---

1973. Pinochet dictatorship in Chile receives substantial WB assistance after the overthrow of the Allende Government, which failed to obtain WB loans.

---

1973. WB provides first of two loans in Rwanda for Agriculture and Livestock projects used by the Hutu-dominated government to occupy lands of the minority Tutsi and Hima tribes, directly contributing to the worsening of ethnic conflict and undermining human rights.

---

1974. Under pressure from U.S. Congress, WB establishes the Operations Evaluation Department (OED) to review past performance of projects. The first OED director threatens to resign several times to protest staff interference in independent project evaluation.

---

1975. The IMF's Interim Committee and Joint IMF-WB Development Committee are created.

---

1976. WB loan for the Tarbeta Dam in Pakistan leads to about 300,000 people being rendered homeless.

---

1978. WB provides \$451 million for Upper Krishna Dams in India, which forcibly displace about 220,000 people in one of India's poorest regions. It is estimated that the first 100,000 displaced people suffer a 50% reduction in income.

---

1978. First WB World Development Report is published, with the themes of accelerating growth and alleviating poverty.

---

1978. WB Executive Directors review environmental policies and practices for the first time, endorsing a new management plan to control the environmental impacts of its projects.

---

1979. WB President McNamara proposes "structural adjustment lending" in a speech at the UNCTAD meeting in Manila.

---

1979. WB makes the first of three loans to Argentina eventually totalling more than \$1 billion for construction of the Yacyreta Hydroelectric Dam on the Parana River between Argentina and Paraguay. Both countries were under dictatorship at the time of the first loan, which was "spent" before construction began. Construction took over 15 years, with more than 50,000 people forcibly resettled without adequate compensation. Corruption so plagued the project that Argentina's then-President Menem called Yacyreta a "monument to corruption" -- which eventually went about \$8 billion over budget. A complaint regarding the project was filed with the Independent Inspection Panel in 1996.

---

1979. WB quietly drops the four-dam Chico River hydroelectric project in Philippines, which would have displaced about 100,000 people from the Bontoc and Kalinga tribes. Militant ambushes of project survey teams as well as mass protests and acts of civil disobedience by affected peoples who lay in front of bulldozers, lead Prime Minister Virata to admit in 1981 that "One of the original four dams... will not be built because the people are against it." The experience triggers the first internal World Bank assessment of its policy for tribal minorities threatened by its development projects.

---

1979. WB funds Sobradinho Dam in Brazil in the face of massive protests against the military being used to forcibly relocate people.

The project increases causes the destruction of more than 30,000 sq. km. of tropical rainforest.

1980. Turkey becomes the first country to receive a WB Structural Adjustment Program (SAP) loan.

1982. WB pulls out of the Nam Choam Dam project in Thailand, for which it loaned \$70 million, after the Thai Government decides to carry out an environmental and social assessment.

1980. WB issues its first policy on forcible resettlement, which requires borrowers to prepare resettlement plans that ensure economic rehabilitation of displaced people.

1982. In India the WB approves a \$187 million project for construction of the Subernarekha Dam in spite of the brutal police repression of demonstrations against the forced relocation of 68,000 people and the killing of 5 demonstrators. In 1991 two people die when the reservoir suddenly starts to fill. In 1993 the WB abandons the Subernarekha project.

1981. World Bank makes first of a total in \$443.4 million in loans through 1983 for the Polonoreste Project in the Brazilian Amazon. The loans finance penetration roads that lead to massive deforestation and extinction of indigenous people. This results in the first WB Policy Guidelines on Tribal Peoples and Economic Development, and is partly responsible for creation of the Environment Department.

1983. In the USA an NGO campaign on the WB's lack of accountability for the social and environmental impacts of its activities begins with two days of hearings in Congress. By 1990 NGOs in most donor countries are working with NGO colleagues in borrowing countries, lobbying their governments and the WB for substantial reforms.

1981. The WB's International Finance Corporation (IFC) lends \$8 million to Cobrape, a Brazilian company in which it holds equity, for an irrigated rice project. Beginning in 1984 more than 100 small-farmer families resist coercive and court attempts to oust them from their land, which is to be taken over for the project. In 1987 the farmers convince a state public prosecutor to bring criminal charges against the company for sending gunmen to beat farmers, destroy fields and property, and force them to sign away land rights. In 1986 the NGO Comissao Pastoral Da Terra makes the IFC aware of ongoing human right abuses, yet the IFC never contacts the prosecutor or victims. In 1992 the IFC quietly pulls out of the project after investing \$4 million.

1984. In Ghana the WB loans \$24 million for a forestry project that supports large increases in cutting for the tropical timber exporting industry. By 1987 the annual logging volume grows by 80%, further reducing Ghana's dwindling natural forests.

1984. In Jamaica street riots occur as a consequence of the increase in fuel prices required by the WB and IMF as conditions in sector restructuring loans.

1982. In Brazil the WB approves a \$305 million loan to finance the extraction of iron ore from the Carajas mine in the state of Para, construction of a 780 km-long railroad and a harbor on the coast.

1985. In Bolivia fifteen days of strikes and riots are triggered by sharp increase in food and gasoline prices, required by structural adjustment measures designed and financed by the WB and the IMF.

1985. WB loans for the Sardar Sarovar Dams in the Narmada Valley of India, which will cause an estimated 200,000 people

to lose their homes, result in mass demonstrations and national court actions for years, finally resulting in the first Independent Review of a WB project (Morse Commission).

---

1985. In Indonesia the WB approves a \$156 million loan for construction of the Kendung Ombo Dam. Many of the 22,000 people forcibly evicted from their lands are settled in transmigration sites on the outer islands. In 1989 the reservoir starts to fill in spite of the fact that about 5,000 people remain, having refused to abandon their lands.

---

1986. IMF establishes Structural Adjustment Facility to provide assistance to low-income developing countries on concessional terms.

---

1986. In Zambia food riots erupt in copper-mining towns, instigated by a 120% rise in the price of staple foods. President Kaunda declares that conditions attached to IMF and WB structural adjustment loans are "intolerable".

---

1986. WB President Barber Conable creates a "Poverty Task Force" of senior staff to review the existing approach and propose new activities to address poverty.

---

1988. WB creates Multilateral Investment Guarantee Agency (MIGA) to provide political risk insurance for multinationals investing in developing countries.

---

1989. WB President Barber Conable institutes WB's first serious environmental program, which finally results in projects being systematically screened for their probable environmental impacts. Between 1989 and mid-1993 about 300 projects were screened.<sup>1</sup>

---

1989. The U.S. International Development and Finance Act of 1989 is enacted, which prevents U.S. Executive

---

Directors at the WB and other IFIs from voting on any proposed project unless an Environmental Impact Assessment (EIA) is prepared and made available to the Executive Boards 120 days before consideration of the loan. The provision, known as the "Pelosi amendment", also directs U.S. Executive Directors to all IFIs to promote procedures for making the impact assessments publicly available in borrowing countries.<sup>2</sup>

---

1989. In Venezuela more than 300 people are killed during riots in response to sharp increases in fuel and public transportation prices caused by economic restructuring measures imposed to satisfy conditions of WB and IMF structural adjustment loans.

---

1989. US Congress passes IMF reform legislation for the first time, requiring its Executive Director to promote transparency and accountability measures urged by NGOs in Congressional hearings, including creation of an independent appraisal unit and public access to key IMF documents involved in structural adjustment programs.

---

1989. WB and IMF Boards agree on a Concordat covering co-operation and collaboration. This memorandum of understanding has never been made public.

---

1989. WB creates for the first time a debt-reduction facility for IDA countries, with the goal of easing the burden of external commercial debt for the poorest countries.

---

1990. WB adopts the "overarching objective" of poverty reduction.

---

---

<sup>1</sup> George-Sabelli 1994. 165.

---

<sup>2</sup> The Pelosi amendment, which went into effect on December 19, 1991, catalyzed the strengthening of environmental impact policies in the WB and the creation of such policies in the other IFIs. Rich 1995. 7.

1990. WB resumes lending in China after an 8-month hiatus following the Tienanmen Square massacre in 1989.

1990. Despite numerous internal studies showing that efficiency is the cheapest way to make energy available, from 1980-1990 less than 1% of WB energy loans are for end-use efficiency and conservation. Of more than \$35 billion invested by the WB in water projects from 1981 to 1990 only 0.4% are for small-scale irrigation, 0.6% for watershed management, and 2.3% for conservation, despite wide-spread recognition that small-scale projects meet peoples' needs at lower cost. A Ford Foundation study finds the WB "wedded to gigantism".

1991. WB is forced to adopt a new Environmental Assessment Policy, requiring public consultations at an early stage and consideration of alternatives.

1991. In Mexico the WB decides not to fund the San Juan Tetelcingo Dam after the decision of the national government to cancel the project following a wave of public protests. The dam would have caused the resettlement of 28,000 indigenous people and the submersion of an important archaeological site dating to 1400 BC.

1991. In Honduras the national electrical company's union strikes against the Government's agreement to privatize the company and reduce its workforce as part of WB and IMF structural adjustment measures. More than 700 workers are fired in three months, leading to the dismantling of the union.

1991. WB provides \$110 million for the Highlands Water Project in Lesotho, although it will displace poor herders and farmers and threatens endangered species. Local groups oppose the project, which also will divert precious water to South Africa. Massive corruption is associated with this loan, which is still being investigated today.

**When did ECA region countries join the Bank?**

Country	IBRD	IFC
Albania	1991	1991
Armenia	1992	1995
Azerbaijan	1992	1995
Belarus	1992	1992
Bosnia & Herzegovina	1993	1993
Bulgaria	1990	1991
Croatia	1993	1993
Czech Republic	1993	1993
Czechoslovakia	1945 and 1990	n.a.
Estonia	1992	1993
Georgia	1992	1995
Hungary	1982	1985
Kazakhstan	1992	1993
Kyrgyz Republic	1992	1993
Latvia	1992	1993
Lithuania	1992	1993
Macedonia	1993	1993
Moldova	1992	1995
Poland	1946 and 1986	1987
Romania	1972	1990
Russia	1992	1993
Slovak Republic	1993	1993
Slovenia	1993	1993
Tajikistan	1993	1994
Turkey	1947	1956
Turkmenistan	1992	1997
Ukraine	1992	1993
Uzbekistan	1992	1993
Yugoslavia	1945	n.a.

1991. WB begins lending for the Pak Mun Dam in Thailand, which debilitates the Mekong River ecosystem, in the face of huge public opposition. The opposition continues to this day, with locally affected people demanding compensation and redress from the WB.

1991. WB begins publishing its annual review, "The World Bank and the Environment".

1992. In Chile the IFC approves \$124.9 million for the Pangué Dam on the Bio Bio River after two years of local and international opposition and a pending court case. In 1993 more than 2000 people oppose the Dam's construction at a gathering of seven Pehuenche

communities, described as "a symbolic act for the defense of the cultural identity and lands of the Chilean indigenous people."

---

1992. WB President Lewis Preston asks his special advisor and vice-president Willi Wapenhans to assess the quality of WB projects. Wapenhans reports that 78% of the financial conditions in WB loans are not being complied with.<sup>3</sup>

---

1992. The Independent Review of the Sardar Sarovar Project by the Morse Commission is published, condemning virtually every aspect of the WB's involvement with the Narmada Dam project in India and accusing the WB of "gross delinquency" in its implementation.

---

1993. A WB Internal Evaluation rates 37% of all projects as "unsatisfactory" according to its own financial standards. Other internal reports admit that more than 2 million people have been forcibly resettled to make way for WB-financed projects.

---

1993. In Ecuador local NGO opposition leads to the cancellation of a \$2.5 million WB reforestation project, which according to an independent review would have caused serious damage to biodiversity and violated indigenous peoples' rights.

---

1993. WB finally agrees to establish an Independent Inspection Panel, which has the power to investigate complaints made by communities or people adversely affected by projects, and to determine whether the WB has failed to adhere to its procedures and policies in the design, appraisal and/or implementation of the project.

---

---

<sup>3</sup> One of the most disturbing aspect of the Wapenhans Report was that nothing in it was new: many of its findings simply summarized annual internal evaluation and audit reports that had been sent to WB's Board of Executive Directors and senior managers with little consequence for over a decade. Rich 1995. 11.

1993. China receives \$3.17 billion in one year to become the WB's biggest borrower, as serious human right abuses continue.

---

1993. The WB staff includes about 200 environmental specialists -- its highest level ever, while five-hundred WB staff participate in environmental training programs.<sup>4</sup> A vice-presidency for environmentally sustainable development is created for the first time, with authority over the departments of environment, agriculture, urban development and transport.

---

1994. First claim is made to WB Inspection Panel, concerning the Arun III Dam in Nepal, based on a complaint by Nepalese citizen organizations.

---

1994 In Slovakia the WB prepares a \$90 million forestry project to support a doubling of commercial logging. A few months later the WB decides to abandon the project following widespread public protests and international advocacy by NGOs.

---

1994. In Ecuador a Structural Adjustment Program jointly financed by the WB and Interamerican Development Bank leads to a national indigenous uprising in opposition to the proposed new Agriculture Development law. Under pressure from several Executive Directors, the WB agrees to a new project designed by indigenous peoples, for economic activities to support indigenous communities, the first time such an initiative had been supported.

---

1994. In Belarus the WB approves a \$44 million loan to promote wood exports, although the Government's master environmental strategy is not due to be released until 1997. About 20% of Belorussian forests are in areas contaminated by fall-out from Chernobyl, and radioactive sawdust could present risks to workers.

---

---

1994. Because of continued protest both in the Indian Narmada Valley and worldwide, the WB abandons the Narmada Sardar Sarovar Dam at India's request, thereby vindicating the findings of the independent Morse Commission. WB officials acknowledge that there were "undeniable human rights" abuses involved in failing to comply with its resettlement policy. However, the Indian Government and two of its state governments continue to violate WB resettlement policy and covenants in the loan agreements.

---

1994. Of more than 6000 loans proposed by WB staff since 1947, not one has ever been rejected by the WB's Executive Directors.

---

1994. The U.S. Congress withholds the majority of an appropriation to the IMF's Enhanced Structural Adjustment Facility until the IMF agrees to make public key documents that had previously been kept secret.

---

1994. WB creates a Public Information Center in Washington, D.C.

---

1995. A complaint on the Planaflo Project (Rondonia Natural Resources Management Project) in Brazil is filed with the Inspection Panel. Although the Panel recommends an investigation, that is denied by the Board, which agrees only to a Management "action plan" that responds to some parts of the complaint, while allowing the Panel to review compliance only after six and eighteen months have passed. The Panel's later review found that "Deforestation has continued at high historical levels," and "illegal timber cutting and settlement in protected areas" continue. It also found "little progress in implementing a sustainable health plan for indigenous people."

---

1995. In Nepal the WB agrees to withdraw from financing the Arun Dam, based on

---

critical findings by the new Independent Inspection Panel. WB President Wolfensohn acknowledges that the Arun Dam is not the type of development project that Nepal needs most and promises to work on funding the sorts of alternatives put forward by NGOs.

---

1995. In Papua New Guinea WB and IMF Structural Adjustment Programs cause riots, resulting in police fatally shooting three people in separate incidents. Conditions in the SAP would further open up the Papua New Guinean economy to exploitation by multinational companies.

---

1995. A devastating oil spill occurs in Komi, Russia where an IFC supported oil extraction project (Polar Lights) used an old leaking pipeline that broke. The spill causes enormous damage to the environment. As a result, the WB and EBRD give loans for clean-up, but that is not executed properly and large-scale environmental destruction persists.

---

1995. WB Inspection Panel turns down a request to investigate the Bio Bio IFC Pangué Dam project in Chile, stating that it does not have jurisdiction to examine IFC projects, a "loophole" in the statute of the Independent Inspection Panel from an NGO perspective. WB President Wolfensohn appoints an independent investigator, whose report is devastating to the IFC but is censored before being released to the public. Among other findings, the report notes that key documents were not disclosed to the IFC Board of Directors, and that "At each stage of the project approval process, key decision-support documents often did not faithfully or accurately reflect the contents of underlying environmental studies."<sup>5</sup>

---

---

<sup>4</sup> George-Sabelli 1994. 166.

<sup>5</sup> It concludes: "There is no indication at this time (April 1997) that IFC has in place the necessary institutional operating systems, or clarity in its policy and procedural mandate, to manage complicated projects such as Pangué in

1996. WB accepts that its "safeguard policies" are legally binding, which means that it is obligated to ensure that its operations comply with these policies and that failure to comply can support a complaint to the Inspection Panel.<sup>6</sup>

---

1996. In Guatemala NGOs learn about and denounce the 1981 massacres of hundreds of Maya Achi indians who refused to leave their lands for the construction of the WB-funded Chixoy Dam. In 2000 the Guatemalan Commission for Historical Truth labels this event as true genocide. No compensation has yet been provided.

---

1996. IMF launches a pilot process for ad hoc external reviews, the first time it has agreed to an external review process, after the Whittome Report criticizes the IMF's failure to predict the Mexican peso crisis in its 1994 economic assessment of that country. The original assessment contained warnings about the near-crisis situation, but the Mexican government convinced IMF staff to tone down the analysis.

---

1996. Complaint filed with WB Inspection Panel concerning Jamuna Bridge Project in Bangladesh, but before an investigation can be launched, WB Management responds favorably to the claim and the project is revised.

---

1996. Complaint filed with WB Inspection Panel concerning Yacyreta Hydroelectric Project in Argentina and Paraguay. The Panel recommends a full investigation, but the WB's Board partially blocks it. The resulting report by the Panel finds significant policy

---

a manner that complies consistently with World Bank Group environmental and social requirements...."

<sup>6</sup> The Safeguard Policies include 4.01 (Environmental Assessment), 4.04 (Natural Habitats), 4.09 (Pest Management), 4.11 (Cultural Property), 4.12 (Involuntary Resettlement), 4.20 (Indigenous Peoples), 4.36 (Forestry), 4.37 Safety of Dams), 7.50 (Projects on International Waterways), and 7.60(Projects in Disputed Areas).

violations by the WB, including a failure to compensate people who lost their lands.

---

1996. Complaint filed with WB Inspection Panel concerning Jute Sector Adjustment Credit loan in Bangladesh. Management agrees with the claim and withdraws the project before the Panel can rule on the case.

---

1996. WB's Operational Evaluation Department reports that Poverty Assessments have been a failure in influencing either lending priorities (set out in Country Assistance Strategies) or project design.

---

1996. WB's Operational Evaluation Department reports that most environmental impact assessments are undertaken too late in the project cycle, so that "very few EAs actually influence project design." As a result, public consultation and information disclosure, also required by the WB's public information policy, are weak and often happen too late in the project cycle to be effective. "Most Category A project EAs have failed to give serious consideration to alternative designs and technologies as called for in the [Operational] Directive, and those that do often explore weak, superficial or easily dismissed options."

---

1996. WB and IMF launch the Highly Indebted Poor Countries (HIPC) debt-relief Initiative, which is widely condemned by global civil society for linking the debt forgiveness to IMF structural adjustment programs and conditionality. As it turns out, the HIPC initiative does not lower debt service payments for virtually any of the poorest countries, and in some cases results in increased debt payments.

---

1997. WB President Wolfensohn launches the "Strategic Compact" to improve the effectiveness of the institution and begin a new social development initiative, which creates a Social Development Department. In 1998

approximately 120 social assessments were done, as compared to about 100 during the prior three years. Otherwise, the WB has little to show for the three-year social development initiative after spending tens of millions on it. It still does not routinely address social concerns in its lending either for projects or in Structural Adjustment loans.

---

1997. Complaint filed with WB Inspection Panel concerning Itaparica Resettlement and Irrigation Project in Brazil, the single most expensive resettlement project in WB history with about \$63,000 allotted per family, almost all which disappeared in corruption. The Panel recommends a full investigation of the claim, but the Board refuses (countries holding 52% of the Bank's shares voted against with 48% in favor), thereby bypassing the Panel entirely. Separately an Action Plan proposed by Management that partially responds to the claim is approved by the Board.

---

1997. Complaint filed with WB Inspection Panel concerning Singrauli NTPC Power Generation Project in India. The Panel recommends a full investigation of the claim, but the Board limits it to a desk study in Washington, DC while at the same time approving a Management Action Plan to remedy some of the flaws identified in the complaint. A local monitoring team is created to observe whether the Action Plan is effective.

---

1998. IMF becomes deeply involved in the global financial crisis, bailing out governments in Thailand, Indonesia, Korea, Russia and Brazil. The crisis puts millions of people out of work and under the poverty line. The bailout loan in Russia mainly supports short-term investors pulling money out of the country.

---

1998. Complaint filed with WB Inspection Panel concerning the Eco-Development Project in India. The Panel recommends a full investigation but that is rejected

by the Board, which requires only that Management submit a report in six months on steps taken to bring the project into compliance.

---

1998. Complaint filed with WB Inspection Panel concerning Lagos Drainage and Sanitation Project in Nigeria. Because Management takes immediate steps to compensate the affected people, the Panel never rules on the claim.

---

1998. IMF program in Brazil leads to major cuts in social expenditures and is heavily criticized by civil society.

---

1998. A major cyanide spill occurs at the Kumtor Gold Mine in Kyrgyzstan, partly financed by the IFC in 1995, with nearly 2 tons of cyanide going into the Barskoon River as a result of the accident. The Barskoon flows into Lake Issyk-Kul, the country's biggest lake and largest tourist attraction, and is the only source of drinking water and irrigation for local communities. The regional emergency response plan to deal with cyanide pollution or spills from the mine, required by the IFC, was only a "paper" plan and didn't work, and the affected people were not properly compensated.

---

1999. Acknowledging the failure of the HIPC initiative to reduce unsustainable debt of the poorest countries, the G7 governments adopt the "enhanced HIPC" framework in order to speed up debt relief.

---

1999. WB's Annual Review of Development Effectiveness (ARDE), which assesses operational performance, admits that its projects have "sustainability" ratings under 50%, meaning that they are failing to sustain their benefits over time. The ARDE also shows the inadequacies of WB tools for poverty reduction, noting that only about 20% of its Country Assistance Strategies focus on equity and distribution, and that poverty assessments fail to address links between poverty and

macroeconomic policies, such as trade and exchange rate policy.

---

1999. IMF declares that poverty reduction will be a key objective of its programs.<sup>7</sup> As a result, the IMF and WB now must jointly approve countries' national development strategies as contained in the Poverty Reduction Strategy Paper (PRSP).

---

1999. \$15.3 billion or about 53% of the WB's lending goes for some form of structural or sectoral adjustment programs, to which its rules on environmental assessments and its Safeguard Policies do not apply.

---

1999. Complaint filed with WB Inspection Panel concerning the water hyacinth management component (Part B) of the Lake Victoria Environmental Management Project in Kenya, arguing that villagers' livelihoods will be harmed and that there has been no proper EIA or consultation. The project is financed by the WB's IDA and the GEF Trust Fund. The Panel recommends an investigation, which is agreed to by the Board in May, 2000.

---

1999. Complaint filed with WB Inspection Panel concerning the Western China Poverty Reduction Project, which would have loaned \$40 million for transmigration of about 58,000 Han Chinese onto the Tibetan Plateau while displacing several thousand traditional Tibetan nomads. The Panel recommends a full investigation, which is approved by the Board.

---

2000. After reviewing the devastatingly critical Inspection Panel report on the Western China Poverty Reduction

---

<sup>7</sup> Critics who have admonished the IMF for the adverse impacts of its operations on the poor and the environment have always been met by the IMF rejoinder, "we are not a development institution." But in 1999, having changed its tune, the IMF renamed its concessional facility -- formerly called the Enhanced Structural Adjustment Facility (ESAF) -- to the Poverty Reduction and Growth Facility (PRGF).

Project, the WB Board votes to require additional conditions, which are rejected both by China and Management, thereby killing the loan.

---

2000. The IMF's World Economic Outlook notes the growing gap between the poorest and the richest countries, stating that: "While some developing countries have made impressive progress in raising living standards in recent decades, too many countries, and nearly one-fifth of the world population, have regressed in relative and sometimes even absolute terms."

---

2000. Studies by the WB Quality Assurance Group (QAG) show that social impact monitoring is neglected in more than 50% of WB projects, and that there is rarely any provision for social impact monitoring of adjustment operations, which constitute roughly half of WB operations.

---

2000. Recognizing that its ad hoc external review process had failed, the IMF agrees to create its first-ever Independent Evaluation Unit, which had been recommended by NGOs in 1989.

---

2000. Complaint filed with WB Inspection Panel concerning the Mining Development and Environmental Control Technical Assistance Project in Ecuador. It argues that development of mining activities in the Intag area will prevent local communities from continuing their traditional agricultural and cattle breeding activities, destroy critical natural habitats, threaten protected natural reserves and harm endangered species. The Panel recommends a full investigation, which is approved by the WB's Board.

---

2000. The WB's MIGA approves \$26.2 million worth of political-risk insurance to a Russian company in order to expand a \$66.3 million underground gold and silver mine in Magadan province. The project is approved in spite of the objections of Russian

environmentalists who want the WB to halt operations in the country until the Government reverses its recent decision to abolish the state's Environmental and Forestry agencies, whose job it would have been to ensure compliance with relevant environmental laws.

2000. South African activists tell IMF Managing Director Horst Koehler that the IMF is not welcome. Noting that the IMF made huge loans to apartheid South Africa during the late 1970s and early 1980s, they call for the IMF to make reparations.

2000. In Ecuador a coalition of unions, grassroots organizations and indigenous peoples' groups hold a national strike to protest the economic conditions required by the WB and IMF as part of their structural adjustment loans. They demand that the WB's Board postpone approval of the Country Assistance Strategy and a new structural adjustment loan because there was no effective participation in the CAS process, which is conditioned on IMF requirements to remove subsidies on staples and the WB requirement for already low social sector spending to be frozen.

2000. WB Board approves Chad-Cameroon Oil & Pipeline project over vigorous opposition of civil society organizations in Chad and Cameroon as well as around the world. Their objections focus on environmental, poverty alleviation, corruption and human rights concerns. Because of the NGO advocacy, the Board of Directors agrees

for the first time to establish an International Advisory Group (IAG) that will monitor implementation of the loan and its many unusual conditions.

2000. In Paraguay a 48-hour general strike is held against plans to privatize telephone, water and railroad companies. The privatizations are part of a series of "nonnegotiable" measures demanded by the World Bank and IMF, which must be implemented before the government can have \$400 million in loans from the WB.

2000. In Nigeria the House of Representatives adopts a motion urging the federal government to suspend all activities in connection with an IMF standby loan until the conditions are made public. The motion came after riots in June following removal of subsidies for cooking fuel and petrol as a condition for the \$1bn standby loan.

2000. World Development Report (WDR) lead author Ravi Kanbur resigns in protest following attempts by WB Management to make him change his text. The WDR is the WB's leading annual publication, and this year's report is on poverty alleviation, a review of the past decade's efforts.

This briefing was prepared by James N. Barnes and Peep Mardiste for the CEE Bankwatch Network. The CEE Bankwatch Network is an international non-governmental organization (NGO) with member organizations from countries of Central and Eastern Europe and the Commonwealth of Independent States. The basic aims of the network are to monitor activities of the International Financial Institutions in the region, and to promote constructive alternatives to their policies and projects. The CEE Bankwatch Network was formally set up in 1995, and became one of the strongest networks of environmental NGOs in Central and Eastern Europe.

Address:  
CEE Bankwatch Network  
Kratka 26, Praha 10, 100 00, Czech Republic  
e-mail: [main@bankwatch.org](mailto:main@bankwatch.org)  
web-site: [www.bankwatch.org](http://www.bankwatch.org)