

The PAROLE

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SATURDAY 12 JULY 2008



Hilton drives Electric
Does it impress
the visitors?

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**What to protest on
now? Activists
move to IMF**

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ps Zoellinck Loves
Animals And Nature
worldbank

*Exclusive
Interview*



Green your ride

AMSTERDAM – The World Bank has unveiled far-reaching plans in support of the bicycle industry in developing countries. A Bank spokesperson commenting on the number of bicycles in Amsterdam: ‘Yes, bicycle transport looks like a very good idea. We definitely prefer it to fossil-fuel driven agendas.’

WB: Votes for all

WASHINGTON – The WB reports that its Board of Executive Directors has voted to modify the unpopular ‘weighted’ voting scheme. A Bank insider commented, ‘we like the new one-country-one-vote system very much. Countries most affected by the Bank’s decisions now have a stronger influence on the decision making process.’

Hot air Budget

WASHINGTON – A new scheme, consisting of a 50% reduction in talk and a massive increase in real action towards reducing World poverty, has been proposed by the WB as its answer to soaring CO2 levels within the organisation. Internal emission-levels are to be monitored with sophisticated instrumentation to ensure compliance.

‘This time we mean it’

Staff reporter

AMSTERDAM - In a surprise announcement in the lead-up to this weekend’s high-level World Bank Conference to be held at the Hilton Hotel in Amsterdam, a World Bank press-release has indicated that the Bank is no longer in favour of its long-standing policy of ‘adjustment lending’ to the World’s poorest nations, and has resolved to remove, with immediate effect, all conditional policy reforms from current and future loan contracts.

‘Frankly, we are very surprised by our own decision but believe it to be ultimately in the best interests of recipient nations’ a World Bank spokesperson commented.

Responding to criticism that previ-

ous World Bank claims, following their 2005 Conditionality Review, had misrepresented the extent to which conditionality had been confined to history, another Bank spokesperson remarked ‘Yes, frankly, we were premature in those announcements, but this time we mean it. We are more than 90% certain that almost 100% of the conditions in ‘sensitive policy areas’ will be removed. We are particularly unhappy that unscrupulous multi-nationals might have benefited unreasonably from privatisation-related conditions in the past.’

The mood inside the World Bank is reported as being ‘very determined’ to proceed with the proposed changes. Reaction so far from ‘critical’ commentators has been positive. A conference insider observed that the announcement will ‘really set the cat amongst the pigeons’.

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The Hilton Hotel in Amsterdam where the historic meeting takes place on 12 and 13 July

FOTO: DUWTJE

World Bank turns green

End to oil subsidies; ‘It was a failure’

Banksy Banghurst

World Bank announced yesterday a complete change in their energy financing strategy. The Bank’s immediate action is to stop financing fossil fuel projects involving oil, gas and coal. Agrofuels are also to be scrapped from the Bank’s agenda, as the Bank sees them as harmful to food sovereignty and biodiversity. The Bank announced that their budget will instead be going to renewable energy projects, with a real pro-poor approach.

Head of World Bank Energy Department, Iwana Drilmoore, explained in a press conference: ‘Well, we’ve always been saying that we want to give poor people energy access, jobs, growth and development.... But in practice we were giving public subsidies to private companies, like Shell, Exxon, and making sure oil keeps flowing from South to North. I have to admit that we now feel bad about this. We actually asked ourselves why don’t we really try to help the poor, and give them something other than pollution and debt?’

The Bank now agrees with civil soci-

ety groups and researchers that their oil extraction projects have played a role in exacerbating conflict and poverty on a local level. Indeed, Bank-funded fossil fuel projects between 1992 and 2004 alone account for 43 billion tons of carbon dioxide emissions.

All this is history, the Bank claims, while now looking into real renewables. ‘We would not label large-scale dams as renewables, it simply makes

‘I would like to stress that the weakening of the Clean Development Mechanism rules was a major fault on our side’

no sense!’ adds Ms Drilmoore. ‘Solar, wind power and micro-dams are more suitable for remote, off-grid communities. Our big, centralised power plants and pipelines serve the needs of industries and cities, whereas remote rural poor communities were left out. Now we want to focus on energy for schools and hospitals, and clean cooking and heating fuels’.

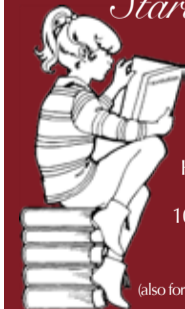
The Bank also recognizes that

carbon trading is not able to live up to expectations of it helping to reduce CO2 emissions. According to Drilmoore, ‘Quitting the trade in CO2 emissions was a pretty important decision for us. During recent years, we made a lot of cash with our carbon trading facilities. We were the largest public broker of carbon and got a 10% commission for each transaction. I would like to emphasise that weakening the rules of the Clean Development Mechanism (carbon trading scheme under the Kyoto Protocol), and making it more investor-friendly, was a major fault on our side. By doing that we could buy carbon credits even from eucalyptus plantations and other locally harmful, or inefficient projects.’

Now the Bank aims to tackle climate change by actually trying to prevent pollution. ‘Our new mission is to keep the oil and coal underground. But frankly, we would not like to tell the world how to save the climate as we do not have the right expertise at this point. We feel relieved to step out of large-scale projects.’

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Change for real, nothing less

The end of all conditions is the first condition

Staff Reporter

AMSTERDAM - 'It is time to stop the rhetoric. It is time for a real change regarding the conditionality issue,' announced World Bank spokesman Victor Yootern who is at the Dutch-hosted conference 'An eye on the future: the World Bank in a changing world,' presently taking place at the Hilton Hotel in Amsterdam. With immediate effect the World Bank resolves to divert the resources presently allocated to media campaigns dedicated to creating an impression of change to actually revising its Development Policy Lending. This means there will be no more pretending that Economic Policy Conditions have decreased over the past few years, or that the Bank's Good Practice Principles are actually followed by the institution and its staff.

'We know that most of our staff have not actually read the GPP. We also know that writing some best practice principles is not the way really to change the current injustice of attaching economic policy conditions to loans given to poor countries. We admit that the Good Practice Principles and a number of other strategies that supposedly address the conditionality issue have been a green-washing exercise. Until now there has been no real intention of change', said Yootern on his arrival at the conference.

In order really to start addressing the conditionality issue, concrete steps will be taken theoretically and practically. First, the World Bank plans to accept a broader definition of the term conditionality than it has been using so far. The Bank admits that it has been defining the term conditionality narrowly and technically in an attempt to avoid criticism and to

divert attention from the core of the problem. As this has not worked, and on advice from diverse NGOs, from now on mechanisms such as trigger actions, benchmarks and Country and Policy Institutional Assessments (CPIA) will also be considered as particular kinds of Economic Policy Conditionality. While these are not always legally binding, the effect is the same.

Pressed for further information, Yootern admitted, 'ok, ok, though we have denied this in the past, we know perfectly well that these CPIAs and the whole IDA (International Development Association)-Performance Based Allocation System is a one-size-fits-all approach, and a form of back-door conditionality. Countries are allocated less from the IDA budget if they deviate from the neoliberal approach we advocate through our Standards.'

With their strong bias towards market liberalisation, capital deregulation and the scaling down of the state, the standards adhere to a market fundamentalist vision. Poor countries receive more or less development aid according to the rating they achieve. 'Although we have been talking about changing the imposition of conditionalities on poor countries since we launched our conditionality review in 2005,' continued Yootern, 'mechanisms like the CPIA have not disappeared from the Development Policy Lending.'

A second vital step towards substantive change is that through its concessional branch, the IDA, the Bank will start the process of offering formal apologies to those countries where it is clear that recent economic policy conditions have been imposed against the will of governments and the general public. The first round of these apologies will be offered to Nicaragua in relation to its electricity sector privatization, Mali with regard to the liberalisation of the agricultural and electricity sectors, and Bangladesh

in terms of power and energy. The World Bank now recognizes that its intervention in these countries has worsened rather than improved the living conditions of their poorest people.

Moreover, together with the IMF, the Bank is planning to offer a more general apology for the activities of the two institutions during the Structural Adjustment Policies epoch. They will apologize to all those countries in which the Bank's illegitimate intervention in their internal political, economic and social affairs generally worsened the poverty levels of their poorest citizens. Yootern was unequivocal on this issue: 'Although it is in our Articles of Agreement that the Bank is not permitted to perform any type of political activity, the reality is that over the past few decades our activities have been fundamentally driven by an overtly neoliberal political agenda. We apologise for this. It will not happen again.'

From this point forward, the Bank undertakes to act in a manner that recognises that Economic Policy Conditionality stops aid working, undermines national decision-making, and can lead to unpredictable 'stop-start' aid flows. Such conditionality also means that poor countries often have to implement policies based on dogma and ideology rather than on evidence. From now on all types of Economic Policy Conditions will be removed. Rather, international aid will be conditional exclusively on it being spent transparently and in a manner that effectively reduces poverty.

This unexpected and radical change of the World Bank's approach to the issue of conditionalities is a response to decades of campaigning by widely diverse interest groups from around the globe. Social movements, southern groups, respected scientists, university and NGO researchers, and even some ex-senior representatives from the World Bank, consistently

assert that, with the knowing consent of its donor member countries, under the flag of fighting poverty the Bank has been using its funds and power to open up markets, deregulate economies and privatize key sectors in poor countries. This has been to the deep disadvantage of the poor, and to the benefit of a few multinational corporations.

Today Yootern announced: 'We regret all the harm that we have caused with this benefit-the-richest-while-talking-about-fighting-poverty approach, but from now on we will change for real. We acknowledge that the World Bank has functioned as one of the main mechanisms sustaining a dependency relationship between the North and the South.'

One of the immediate outcomes of the Bank's new approach is that it will now seriously consider alternative proposals to addressing poverty. Until this point these have been rejected because they are not fundamentally neoliberal. The first alternative is encapsulated in the notion of Food Sovereignty that Via Campesina has been promoting for years. Yootern stated: 'We've come to realize that Food Sovereignty is clearly an effective approach with which to start fighting poverty. Food Sovereignty means assuring people's right to define their own approach to food and agriculture, to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives, to determine the extent to which they wish to be self reliant, to restrict the dumping of products in their markets, and to provide local fisheries-based communities priority in the management and use of, and rights to, aquatic resources. Food sovereignty does not negate trade. Rather, it promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy and ecologically-sustainable production.'

Back to Basics

Exclusive interviews with the movers and shakers behind the new look World Bank

Anne Siedling

The recent plethora of shock announcements by the World Bank have left insiders and outsiders confused and disbelieving. A SEED went in search of those behind the upheavals to find out what is really going on.

We started with the Bank's newly appointed spokesman, Victor Yootern: 'It's nothing to be concerned about. Everything is completely in control,' he assured. 'Partially as a result of the recent agreement to restructure the voting arrangements between donor countries, certain European states are exercising their new-found voices. A coalition of the Netherlands, the United Kingdom and Norway - countries that have been rattling their sabers for a number of years - has finally drawn swords. 'We are now speaking the only language the World Bank understands,' explained the coalition spokesperson, Ms Haddit-Cumming. 'We are insisting that the Bank meet a number of conditions that include completely restructuring its policies and modus operandi, and that this restructuring occur according to a schedule with strict time frames.'

To add to the Bank's woes, the financial stability of its other branch, the IBRD, is increasingly threatened by growing negative public opinion. Most of the IBRD's funds are raised through World Bank Bonds. Ordinary people are becoming concerned as they realise that their pension funds and other savings are not being used to alleviate poverty, but to subsidize multinational

as they drill for oil and build large-scale dams, or facilitate water privatization and public utilities restructuring. Their demands that their brokers sell any World Bank Bonds are undermining the bonds' AAA status.

Explaining the Bank's new 'Back to Basics' policy Yootern said, 'All that matters to us is to fulfill our motto: Our dream is a world without poverty. While it was possible to dismiss as partisan the findings of research conducted on behalf of recipient governments, NGOs in the north and south, and donor governments, it is more difficult to disregard our own studies. The World Bank has one of the largest research budgets globally and is unrivalled in the field of development economics. As part of our back to basics strategy the Bank resolves not only to read the reports it commissions, but also to act upon them.'

Pressed to reveal whether forces other than research evidence of multiple failures was impacting on the new approach Yootern admitted: 'We have had some small rebellions at the coal face, and we are keen to ensure that such insurrection does not spread too far.'

Given the catastrophic social results of World Bank-led privatization of electricity supply in Mali, Nicaragua and other poor countries, the Mozambican government refused to follow suit. The Bank continued to insist on this liberalisation condition: 'Such attempts at non-compliance were very common in recipient countries,' he asserted. 'We used to think that they really didn't know what's good for them, so we had to decide.' On this occasion, however, Mozambique

was not alone. Several Scandinavian countries expressed concern that the painstaking work and support they have poured into helping the country's National Electricity Council become functional over the previous two decades would be destroyed, and threatened to withdraw all their present and future support from the Council if privatization went ahead.

'Responding to the Scandinavian stand,' continued Yootern, 'we investigated and discovered that, in fact, outright privatisation of electricity has often done more damage than good and therefore decided to withdraw this condition in Mozambique and all other low income countries.'

However, Mozambique is not the only example. Evidence, compiled through independent research

undertaken by NGOs, in universities, and on behalf of governments in the north and the south, has revealed the emperor as naked. 'For three decades the World Bank has paraded global catwalks and been acclaimed for its poverty relief outfits,' claimed Haddit-Cumming. 'All these studies demonstrate that IDA activities have functioned as a front for neo-colonialism. The economic conditions it imposed were designed to ensure that poor countries remained in service to rich ones. This must change. Since the Dutch-hosted World Bank conference, titled An eye on the future: the World Bank in a changing world, coincides with Amsterdam's Fashion Week, we thought this was a fitting occasion to insist that the Bank acquire a new wardrobe that is appropriate to its mandate.'



Imagine that...

Yoko Ono reacts more than surprised on the phone. 'Back then in '69 we really thought we could change the world, we hardly succeeded ... And now suddenly the World Bank makes this 180 degree turn. I hope that it has something to do with the positive energy me and John left that day in the Hilton.'

On questioning attendees of the WB conference it turns out almost no one knows that this is the Hotel where John and Yoko stayed in bed for world peace. Yoko: 'Oh, that doesn't matter, I know that they felt our energy when they took those decisions.'