



December 2009 / n°5

## Network News



Published by the Secretariat of the Parliamentary Network on the World Bank – 66 avenue d'Iéna 75116 Paris France – Tel +33 1 40 69 31 63  
Fax +33 1 40 69 31 34 – Mail [secretariat@pnowb.org](mailto:secretariat@pnowb.org) – Website <http://www.pnowb.org> – Cover page pictures by courtesy of WB and Assemblée Nationale

## Features

- Page 1: Message from **Hugh Bayley**
- Page 2: The WB response to the crisis, By **Robert B. Zoellick**
- Page 4: MPs & the Global Fund, By **Michel Kazatchkine**
- Page 5: Eastern donors and Western soft laws..., by **Helmut Reisen**
- Page 7: The Zedillo Report, By **Johannes Linn**
- Page 9: Lessons in cooperation, By **Corina Cretu**
- Page 10: Mongolia and the Global Community, by **Laode Ida**
- Page 11: Sustainable development in Burkina Faso, by **Fatou Touré**
- Page 13: The Yaoundé Gathering By **Michel Guerry**
- Page 16: **World Bank corner:**  
**Leading IFIs commit to fight against climate change**
- Page 18: A new disclosure policy
- Page 19: Regional Economic Outlook for Africa, by **PNoWB**
- Page 20: Foreign bribery: who pays the price, by **PNoWB**
- Page 21: **IMF corner:**  
Africa needs new engines to drive
- Page 23: PNoWB Membership form
- Page 24: What's new at the IMF?

### Echoes from the North...

PNoWB will establish a Nordic and Baltic Chapter on 25 January 2010.

Check the news online:  
[www.pnowb.org](http://www.pnowb.org)

## Message . . .

The publication of our final newsletter in 2009 coincides with a critical event: The United Nations Climate Change Conference in Copenhagen. It seems the entire world is watching, reading and waiting to see if national leaders commit to reducing the carbon footprints of their respective countries and to funding adaptation to already unstoppable climate change, especially in developing countries.

What role do parliamentarians play in such high-level international negotiations and discussions? Many countries have included parliamentary representatives in their official delegations. The carbon emission reduction proposals that leaders bring to the table have been forged in their home parliaments for months prior to their conference debut. In addition, a number of inter-Parliamentary institutions and networks including PNoWB, European Parliamentarians for Africa (AWEPA), the Inter-Parliamentary Union and GLOBE will be present to inform their wider membership of agreements reached and work still to be done.

The connection between the impacts of climate change and poverty grow ever more evident. As climate-related development challenges increase, so too does the importance of advocating for transparency and accountability in organisations who fund and manage development programmes, including the World Bank.

We have some excellent contributions to this edition of Network News; I hope you will find the articles informative, timely and thought-provoking.

**Hugh Bayley**, MP

Chair, Parliamentary Network on the World Bank



## The World Bank Group's Response to the Global Financial Crisis

By Robert B. Zoellick  
President,  
The World Bank Group

Last year, in my remarks to the 2008 Conference of the Parliamentary Network on the World Bank, I stressed the Bank Group's commitment to supporting developing countries, especially in our response to the global economic crisis.

One year later, our response has been huge – but the demands still remain strong. IBRD, the Bank Group's lending program for low-middle and middle-income countries, almost tripled its commitments to \$33 billion in 2009 – a record high – and we expect a new record next year. IDA, our agency that provides grants and highly-concessional long-term loans for the 79 poorest countries, hit another record, with commitments of \$14 billion – a 25% increase over the previous year. IFC, our private sector arm, provided \$10.5 billion in financing for its own account, with an additional \$4 billion mobilized from partners. Notably, over half of new IFC projects were in low-income countries, mostly in Africa.

We are beginning to see signs of gradual recovery from the global crisis. But significant weaknesses remain. The recovery is likely to be slow, with high unemployment levels. We project that private capital flows to the poorest countries will drop to only \$13 billion in 2009 – down from \$21 billion in 2008 and \$30 billion in 2007. We expect remittances from overseas workers to relatives in developing countries to decline by between 5 and 7% in 2009, and to recover only modestly in 2010. Poor and middle-income countries are likely to face large financing gaps, meaning that these countries will need to continue to postpone important development programs.

There is a stark human face to this crisis: 90 million more people are living in extreme poverty of less than \$1.25 a day. Before the financial crisis hit, many developing countries were already struggling with food and fuel crises, and falling behind on meeting the Millennium Development Goals (MDG). The reduction in private capital flows and remittances will make it even harder to fulfill the MDGs related to hunger and nutrition, child and maternal mortality, education, and combating HIV/AIDS, malaria, and other major diseases.

In our response to the crisis, we have paid particular attention to infrastructure and social protection programs, because one of the lessons we learned from the 1990s was that macroeconomic stabilization was not enough. Our investment in infrastructure programs – critical to recovery and jobs – reached \$21 billion last year, and we scaled up assistance to \$4.5 billion for safety nets and other social protection programs to cushion the most vulnerable. We are also assisting the private sector, so that it can assume the critical hand-off from the public sector stimulus. Through IFC, we have launched strong initiatives on bank capitalization, trade finance, infrastructure, and microfinance.

In these responses, the World Bank Group is doing more than providing financial resources. We are working to transfer our knowledge and learning – for example, by helping countries learn from successful targeted safety net programs, such as Mexico's and Brazil's conditional cash transfer programs. We are building markets for the future – for example, through IFC's new Asset

Management Corporation, that will help build developing country financial markets, while channeling capital from sovereign, pension, and other asset management funds to productive private sectors in developing countries. We are simultaneously advancing reforms to promote inclusiveness, innovation, efficiency, effectiveness, and accountability in developing countries' institutions. And we are expanding cooperation with the United Nations, the IMF, the other multilateral development banks, donor agencies, civil society, foundations, and parliamentarians around the world.

The international system needs a World Bank Group that remains purposeful, credible, and effective, and represents the international economic realities of the 21st century. This agenda includes providing a larger voice for developing countries. A year ago, the first phase of reforms to strengthen the voice and participation of developing and transition countries in the World Bank Group led to an additional Board seat for sub-Saharan Africa, and an increase in voting power for developing and transition countries to 44%. The second phase of reform will come up for decision in spring 2010, with the objective of securing a further increase in voting power for developing countries of at least an additional 3% - bringing developing countries to at least 47%.

2010 will be a defining year for the World Bank Group. Responding to strong demand and high lending in response to the crisis, IBRD will face significant lending constraints from the middle of 2010 onwards unless member

countries agree to a \$3-5 billion capital increase- the first in twenty years. IFC also needs additional capital to ensure the private sector in developing countries contributes to the recovery and future growth. 2010 will also be the year when the negotiations for the 16th replenishment of IDA will take place. Mr. Hugh Bayley, MP from the city of York and Chair of the Parliamentary Network on the World Bank, framed the challenge well in the September issue of Network News, when he noted that "IDA16 will be the last full, three-year replenishment before the 2015 target date for implementing the Millennium Development Goals".

As parliamentarians, your continued engagement, at both the national and international levels, is essential in order for the World Bank Group to obtain the support – financial and otherwise- it needs. You provide a vital link between your constituents, who are also our stakeholders, and the government policies and decisions that determine support for development activities. And you are an increasingly vital part of the process of governance and transparency that ensures that international development institutions such as the World Bank Group are responsible stewards of funds and have the maximum impact on the ground.

I welcome and appreciate your continuing involvement with the Parliamentary Network on the World Bank Group, and I encourage you to call on the World Bank Group whenever we can provide information and data which helps you better carry out your important responsibilities.

#### **FY09 Top Ten IDA Borrowers** \* (in US\$ million)

Nigeria 1.760 – Pakistan 1.610 – Ethiopia 1.175 – Vietnam 1.149 – Bangladesh 1.097 – India 956 – Tanzania 783 – Ghana 550 – DRC 535 – Kenya 525 (\*) Including guarantees and regional projects

#### **IDA Lending by Sector**

Infrastructure 35% - Social Sector 26% - Public Administration and Law 19% - Agriculture 13% - Industry 4% - Finance 3%



## Parliamentarians and the Global Fund for AIDS, Malaria and Tuberculosis

By Michel Kazatchkine  
Executive Director,  
TheGlobal Fund for AIDS, Malaria and Tuberculosis

2010 will be a year of major challenges and opportunities for The Global Fund to Fight AIDS, Tuberculosis and Malaria, a year in which we look forward to building on our already strong relationship with the World Bank, and strengthening our partnership with Parliamentarians from both donor countries and those in which Global Fund programs are being implemented, and are saving lives. I welcome this opportunity to share a few observations with Parliamentarians from all regions who are members of the Network.

Through its investments in health programs in 140 countries, the Global Fund is supporting lifesaving antiretroviral treatment for 2.5 million people living with HIV, effective tuberculosis drug treatment for 6 million people, and the distribution of 104 million bed nets to prevent malaria.

As a result, more than 4.9 million lives have been saved since the Fund was established in 2001. These are people who would have died had it not been for interventions supported by the Global Fund. Every day, an additional 3,600 deaths are averted. With US\$ 9.3 billion disbursed to more than 500 grants so far, the Global Fund currently provides nearly a quarter of all international financing for AIDS globally, as well as two-thirds for TB and malaria. Of total Global Fund disbursements to date, some 55% have gone to HIV/AIDS, 29% to Malaria, and 16% to Tuberculosis. Nearly 60% of all resources have been directed to Sub-Saharan Africa.

The Global Fund is now one of the largest financiers of health systems in the world. This year, it has begun working with the Global Alliance for Vaccines and Immunization

(GAVI), in collaboration with the World Bank and WHO to explore opportunities for closer collaboration on the health systems agenda, including the possibility of establishing a joint financing platform for health systems strengthening with GAVI.

While much progress has been made, there are still major challenges lying ahead. The UN promise of universal access by 2010 will probably remain unfulfilled, as fewer than half of those who need ARVs for life-saving treatment have access today. Only half of all pregnant women have access to services to prevent transmission of HIV to their children in the uterus or through breastfeeding; increasing access to these services is now a major priority for the Global Fund. And vitally important prevention strategies are not reaching the most vulnerable populations, including men who have sex with men, transgender people, injecting drug users and sex workers. The Global Fund recently adopted strategies on both Gender Equality and Sexual Orientation and Gender Identity to help overcome some of these barriers.

2010 will be the key replenishment year for both The Global Fund and the World Bank IDA. If we are to have any hope of meeting the Millennium Development Goals by 2015, current donor countries must sustain and enhance their contributions, new donors must be engaged and innovative new financing mechanisms must be explored.

The Global Fund recognizes the fundamental importance of the role played by Parliamentarians in both donor and implementing countries in mobilizing political and financial support for the Fund, assisting in

oversight and accountability, and undertaking advocacy in areas such as human rights, access to affordable medication and gender equality. We look forward to working closely with Parliamentarians and collaborating with the PNoWB in the coming year. At this time of global financial, food and environmental crises, we need more than ever to work together across party lines. Our response will

determine whether the coming decade will be one of continued hope and progress in global health, or instead one of broken trust and promises. The lives of millions of people that you have the honour of representing as Parliamentarians hang in the balance.



### **Eastern Donors and Western Soft Law: Challenges for the International Development Architecture**

By Helmut Reisen  
Head of Research,  
OECD Development Centre

The inclusion of non-DAC donors into existing soft law frameworks in the field of development cooperation is one of the major governance challenges caused by Shifting Wealth. The main challenge is to find innovative solutions to reconcile requirements of transparency with new modes of development cooperation. Governance problems linked to the emergence of new donors call for a move from a still largely donor-dominated system to an enhanced role of partner countries in the international development architecture.

The number of bilateral donors not organised in the OECD's Development Assistance Committee (DAC) has grown rapidly at the beginning of the new millennium. Many of these new or re-emerging donors have until recently been primarily recipients of development assistance themselves. Now they are profoundly changing the international donor landscape. Traditionally, donors come together in the DAC where they develop standards and best practices for development cooperation and monitor compliance in peer reviews. Despite efforts to

integrate non-DAC donors into such existing institutions, the future aid architecture might rather turn out to be a synthesis of established and new approaches.

To be sure, aid giving is still very much the preserve of advanced countries. DAC donors provide a relatively stable annual share of 95 per cent of global Official Development Assistance (ODA), USD 120 billion in 2008. Yet, the number of donors outside the DAC is now exceeding the number of DAC donors; and the former already provide significant financial resources to developing countries. In total, development assistance from non-DAC donors could have reached USD 9 billion in 2007. These donors constitute a highly heterogeneous group: for some of them – such as OECD and EU non-DAC donors – DAC standards can be expected to be a key reference; for some of the biggest non-DAC donors, however, – especially the Arab donors (USD 2.6 billion), China (USD 1.5 billion) and India (USD 1 billion) – compatibility with the DAC framework seems less assured.



Pure ODA figures are difficult to establish for many of these donors – and they clearly underestimate their financial presence in the developing world. In fact, donors like China and India operate along the lines of South-South cooperation in which ODA is but a component of wider packages of economic cooperation. These modes of development cooperation are difficult to reconcile with DAC-type transparency requirements. Take for example the Chinese mode of development cooperation: a package that bundles a component of aid, that is not individually priced, includes a commitment for investment in infrastructure – often related to resource extraction – provided in the form of turnkey projects and is bartered directly against the right to mine or extract natural resources.

The arrival of new donors spurred expectations of more diversified sources of development finance among partner countries; but the established donor community has also expressed concerns. The ever-increasing number of bilateral donors may add to the already existing problem of aid fragmentation, thereby increasing transaction costs and overburdening partner administrations. Moreover, concerns have been voiced that finance from emerging donors and lenders permits recipient governments to turn down aid that is pegged to conditionality on good governance. Another cause of concern is that lending practices of emerging donors might negatively affect debt sustainability in the poorest countries. Finally, Western firms also fear unfair competition in bidding processes in developing countries since their Chinese counterparts benefit from subsidised capital costs.

Many representatives of Western donor agencies and industry lobbies seem to conclude that these policy concerns can be addressed by assimilating new donors into existing frameworks of soft law in the field of development cooperation. The inclusion of

new actors into established frameworks is of special interest to the OECD whose business model is based on international soft law and peer review. The OECD has reacted to the changed international circumstances by kicking off a process of Outreach. More specifically, the DAC has launched an outreach strategy in 2005 in order to foster dialogue and cooperation with non-DAC donors. With regard to China, a China-DAC Study Group has been created, amongst others aiming at reviewing selected aspects of China's development cooperation in Africa.

How far “outreach” can go remains to be seen. As a potential barometer for the readiness of emerging countries to engage in existing institutions, the involvement of EE partners in OECD work turned out to be uneven so far. Brazil and South Africa are considerably more integrated into OECD bodies than China and India. The latter seem to prefer observer status on the working level allowing them to share in expertise and knowledge without engaging too much politically.

Despite these difficulties, global soft law should not be discarded. It can be a means to bring in new donors as it allows to deal with situations of growing diversity and thus permits the co-responsibility of new actors in the international aid architecture – provided that compliance mechanisms work. The DAC makes use of peer review in order to encourage donors to comply with standards and best practices. The question is if this type of compliance mechanism will work in the context of a changing donor community. Usually a certain level of like-mindedness is crucial for the functioning of peer reviews.

Like-mindedness in the sense of shared values and underlying ethics such as solidarity with poor countries provides some common ground to start with. Likewise, evaluation and monitoring capacity – essential for conducting peer reviews – might not be a major stumbling

block. In the end, it all boils down to finding innovative ways to establish transparency. Transparency is an essential ingredient of Western democracies that are based on accountability, checks and balances, and freedom of press – and it is an essential for a meaningful DAC peer review. As outlined above, the distinct modes of development cooperation of some of the new donors are

difficult to reconcile with the DAC approach to ODA transparency. Eventually, these difficulties might also herald the end of a development architecture that is too much donor-driven. In this context, the role of partner countries becomes more crucial, in identifying best practices – and in establishing transparency.



**The Zedillo Commission Report on World Bank Reform:  
Why the World needs a More Legitimate and Accountable World Bank**

By Johannes F. Linn  
Senior Fellow and Director of the Wolfensohn Center for Development,  
The Brookings Institution

In October 2009, the high-level commission led by former Mexican President Ernesto Zedillo published its report “Repowering the World Bank for the 21st Century.” The Zedillo Commission offered a unique opportunity to create the foundation for far-reaching reform of the World Bank as the premier global financial institution supporting the goals of the Paris Declaration and Accra Agenda for Action and for an effective support of an urgent global public goods agenda. The report comes at a critical time for the Bank: in the wake of the deepest global financial and economic crisis in decades, the Bank needs to ask its members for a substantial capital increase and prepare the ground for a sizeable replenishment of IDA, its soft-loan and grant window. It also comes at a critical time for the development community, in 2010/11, the Paris Declaration will be subject to a major progress review and decisions will have to be made regarding how to carry forward its agenda for improving aid effectiveness. Finally, the world is currently struggling with many public goods challenges, especially global warming.

In line with its terms of reference, the Commission’s report devotes most of its analysis and all of its recommendations to issues of governance. Key recommendations relate to representation reform, restructuring the Bank’s governing bodies, and changes in leadership selection and accountability. It proposes a consolidation of the large number of European seats on the Bank’s governing board, eliminating the US veto right, moving towards a 50-50 split of the votes in the board for developed and developing countries. Moreover, it recommends that the board become non-resident and stronger in its focus on strategy, policies and management accountability while fully delegating to management the approval of specific loans. Finally, the report recommends that the president of the Board be selected on merit only, without reference to nationality (currently the Bank president is always an American) and that this post be made more accountable to the Board.

These recommendations for improved governance, if implemented, promise to make the Bank into a more legitimate and effective

development institution. This is important in the context of the Paris Declaration's commitment to two of its key goals: greater ownership and accountability. A fair representation of developing countries in the world's premier development institution and a greater accountability of its management to all its shareholders will set an example for other multilateral agencies and reinforce these Paris Declaration principles.

A more legitimate and accountable World Bank could also provide more effective leadership in promoting the other key goals of the Paris Declaration: alignment, harmonization and results. While agreed and reiterated at high-level international forums, implementation of the Paris Declaration principles has been difficult on the ground. Frequently, the recipient governments -- especially conflict-affected and fragile states -- are unable or unwilling to coordinate donor activities. This gives rise to a serious collective-action problem, since currently no single donor has the mandate and accountability to take the lead. As a result, progress on the lofty goals of the Paris Declaration has been slow to materialize. A key goal of World Bank reform by its shareholders therefore should be to give the Bank a clear mandate, responsibility and accountability for pushing forward the implementation of the Paris Declaration goals on the ground, of course in close partnership with recipient governments and other development partners

A more legitimately governed World Bank can also serve as a more effective agent in supporting the delivery of core global public goods objectives, including climate change mitigation and adaptation, global health and education, conflict and disaster prevention and response. So far, middle income countries and emerging market economies have been suspicious of the World Bank in taking on this role, but a greater voice and vote in the institution will buttress their confidence that

the Bank would not only support the interests of the developed economies, but also those of the developing countries.

What about the developed countries? The Zedillo Commission in effect asks them to give up long-held privileges in the way the Bank is run. Why would they want to give up these privileges and at the same time put additional tax-payer resources into the Bank through a capital increase and a significant IDA replenishment? Two reasons should convince them to do so:

First, along with the reform in governance will likely come greater financial contributions to the Bank from the more advanced developing countries, many of whom have become important donors in their own right. In other words, similar to the European Investment Bank, the World Bank's role as a credit cooperative, rather than as a mere aid organization, would be much enhanced through more equitable sharing of the financial burden along with a recalibration of voice and vote.

Second, developed countries have a great self-interest in tackling the challenges of global public goods (or bads) including poverty, failing states, climate change, health and education. It is therefore clearly in their collective interest that the World Bank assumes and delivers effectively on the mandate which it should be given along with the reform in its governance: a leadership role in resolving key collective-action problems in the implementation of the Paris Declaration and in building multi-stakeholder alliances for delivering on global public goods.

Thus, a legitimate, strong and effective World Bank -- underpinned by governance reform and a strengthened financial base -- will serve the interests of all its members and should be strongly supported by them, the developing and the developed countries alike.





## Lessons in Cooperation from the Global Economic Crisis

By Corina Cretu, Romania  
Member of the European Parliament  
PNoWB Board Member

Although some developed economies are showing signs of revival, the global economic crisis is far from over. For many developing and developed countries, it will remain a reality for years to come.

What have we learned from this crisis, the first in a truly globalized world? First and foremost, we have seen that early-warning mechanisms are vital if we are to have the capacity to intervene and prevent future crises. We must also ensure that our future responses involve fewer economic, social and political costs than the current approaches used in many countries. Secondly, we know that we must reconsider the role of the state in the economy; building consensus in this area will not be easy. Finally, we have learned that coordination and cooperation are of the utmost importance. There are no individual solutions to a crisis with global dimensions and the potential for almost instantaneous propagation.

To begin to address the need for increased coordination, several European Parliament committees – most notably the Development Committee, Economic and Monetary Affairs Committee and Financial, Economic and Social Crisis Special Committee -- have proposed creating a joint working group between the European Parliament and the World Bank. The World Bank has a global vision on many of the above-mentioned issues and the knowledge necessary to address them. In turn, the EU also has expertise and experience in a variety

of areas, but this may be comparatively less vast than that of the World Bank.

It is my hope that at the December meeting between the World Bank and the EP, the joint working group will be approved and will set its priorities immediately. I believe that investing in human capital should be at the very top of these priorities. I also believe it is in the best interests of private investors to invest in developing countries so that they can pull themselves out of poverty. Resolving issues associated with chronic underdevelopment could have a positive impact on other challenges, including illegal immigration.

Furthermore, it is clear that in the coming period we will see an increased request for post-crisis financial support from developing countries. How can we best address this need while donors attempt to address the fallout from the crisis in their own countries? We must examine aid more closely and allocate existing resources to respond to the most pressing needs in order to produce maximum economic and social benefits.

The global economic crisis has presented states, organizations and people with new opportunities to collaborate, coordinate and cooperate in the name of sustainable development and the improved welfare of every nation and every individual. We must now take full advantage of such a golden opportunity.



## **Between Russia and China: Mongolia is Ready To Join the Global Community, and Looking for new Neighbors**

By Laode Ida  
Member of Parliament, Indonesia  
PNoWB Board Member

When most people think of Mongolia, they think of its famous ruler, Genghis Khan, who in the 13th and 14th centuries expanded the Mongolian empire across large portions of Asia, modern-day Russia, Eastern Europe and parts of the Middle East. Many Asian populations can trace portions of their heritage back to the Mongol invasion, including in my own home country of Indonesia.

This brief history lesson sets the stage nicely for an account of the Parliamentarians in the Field visit to Mongolia from the 24th through the 30th of October, 2009, for which I was head of delegation. My fellow parliamentarians came from Bangladesh, Finland, France, India, Indonesia and Uganda. Mongolia is of particular interest to Indonesia – as a future trading and tourism partner, because of our similar development challenges, and given our common heritage – as such, Indonesia was particularly well represented in the delegation by five parliamentarians in total.

During the week-long program, delegates met with members of the Mongolian parliament, representatives from the World Bank country office, key government ministers, external partners including UNDP, USAID, GTZ, ADB and EBRD, local non-governmental organizations and community-based organizations. The well-rounded agenda allowed for delegates to explore development issues in Mongolia from a variety of angles, to compare them with the situation in their own country and to share knowledge with their Mongolian counterparts.

Our hosts were particularly interested in lessons learned in the mining sector, on which the government plans to base the country's future economy. Mongolia has approximately 1000 identified mineral deposits and 8000 identified "mineral occurrences." Of the 15 deposits identified as being of strategic importance, half of them are currently being exploited, largely by foreign-owned firms licensed to operate in the country. At the current licensing rate, nearly one third of the country could be exploited for mining purposes. This poses both a great challenge and opportunity for the future of mining in Mongolia. The PNoWB delegation in its final report made several key recommendations to the Mongolian government with regards to the mining sector, including: the importance of "publishing what they pay" for resource extraction contracts in line with EITI standards; ensuring the full participation of civil society in developing policies on geology, mining, heavy industry and oil; and prioritizing the creation of a comprehensive mining policy to give the country full control over its natural resources and to ensure that tax revenue is not lost. The delegation also recommended that the Mongolian government adapt labor laws to protect workers' rights and working conditions as mining activity increases.

Perhaps most valuable to me during the Mongolia field visit was the opportunity to see World Bank-funded programs in action and to discuss my impressions with other delegates. During a visit to a local dairy cooperative financed by an IFC loan program, we were able to ask the owners questions about the

terms of their loan. The delegation discovered that the cooperative pays an annual interest rate of 31.6% to the regional commercial bank and that the commercial bank requires borrowers to secure the funds with collateral – often their own houses. The delegation felt strongly that these lending conditions put undue risk and strain on small and medium enterprise (SME) borrowers. One of our Indian delegates suggested that the World Bank should help Mongolia act quickly to replicate India's third-party lender system, in which the government acts as a guarantor for up to a US\$100,000 loan, thus helping to eliminate some of the risk to SMEs.

The power of collective minds to examine development cooperation issues was evident to me during the field visit. Parliamentarians in the delegation – whether they were from donor or aid recipient (partner) countries – each had unique contributions to make to the field visit program, which are reflected in the recommendations made in our mission report.

Mongolia is a country that most people don't expect to travel to in their lifetime. As it seeks to emerge -- once again -- onto the world stage, it warrants not only a visit (in the summer months, unless you enjoy -20 degrees Celsius!) but also our attention, interest and cooperation.



### **Sustainable Development in Burkina Faso: Final Field Visit of 2009**

By Ndeye Fatou Touré  
Member of Parliament, Senegal  
PNoWB Board Member

PNoWB in partnership with the World Bank chose Burkina Faso as the final Parliamentarians in the Field visit country in 2009. It was both a fitting choice (in 2000, the country was one of the first to complete a full Poverty Reduction Strategy Paper, or PRSP) and an exciting one.

The delegation – lead by myself and François Loncle of France – was comprised of 15 parliamentarians from 14 countries: Austria, Belgium, Canada, Cameroon, Côte d'Ivoire, Denmark, France, India, Iran, Laos, Nepal, Senegal, Sweden and Vietnam. The group spent six days (November 29th through December 4th) in Ouagadougou and nearby communities where we observed and discussed the impact of the global economic

crisis on Burkina Faso's economy; how the country can diversify its agriculture and exports beyond cotton; improving donor coordination and aid effectiveness; and good governance, especially with reference to the country's new mining activities.

One of the highlights of the program was the representatives from the parliament of Burkina Faso who stayed with us throughout the visit to enrich our discussions and shed more light on the local situation. For this I would like to extend a warm thank you to our PNoWB members in Burkina Faso, both new and old.

The program was a full and balanced one, incorporating working sessions with the local

parliament, briefings on the current economic and development situation in the country, visits to see World Bank programs in action in the communities, and sessions with a wide range of development actors including NGOs, CSOs, donor organizations and the private sector. Delegates also had the unique and valuable opportunity to interact with community members in Korsimoro, a village that is 100km away from the capitol and requires some adventurous driving to reach.

Throughout the visit, our delegation identified development challenges and made recommendations on how they could be addressed, often based on experience in their own countries. One of the most significant identified by the delegation was that of raw material export. Currently, raw cotton accounts for 50% to 65% of the country's exports. Often, products that have been further refined and exported later in the production chain have a higher export value. The country has already identified that exporting cotton already woven into cloth is not a viable option because China -- which is the main buyer of the country's unrefined cotton -- is able to do this more cost effectively. However, the delegation recommended that Burkina Faso consider other crops that could be exported later in the production chain. For example, tomatoes -- which are a very popular crop in the country -- could be turned into ketchup and exported at a much higher price per unit than the raw fruit. Ketchup also has longer storage life than raw tomatoes, an important factor in a

country where the average time to export is 41 days.

One of the delegation's most memorable experiences was the time spent in Korsimoro. Here, we visited a health center and maternity ward that had been constructed by the World Bank. While touring the facilities, a number of delegates pointed out that there were no bathrooms, nor were there any facilities to house family members who may have traveled long distances to accompany patients and women in labor. In addition, the health center and maternity ward were 15 kilometers away from the furthest village they were meant to serve. Delegates inquired as to how a woman in labor might reach the maternity ward with such a distance to travel and no form of transport. Issues such as these highlight the importance of involving local parliamentarians in development. Better understanding of the situation on the ground and the community's needs leads to more effective development.

At the conclusion of the visit, the delegation shared their observations and recommendations in a mission report, including specific recommendations to the World Bank country office in Burkina Faso and the country's government and parliament. I believe I speak on behalf of the entire delegation when I say that I very much look forward to returning to the "land of upright people" in the future to see how the country has grown and prospered.





## The Yaoundé Gathering

By Michel Guerry  
Senator, France

The political initiative of a French MP to support patients in poor countries in the face of major pandemics. As a member of the Parliamentary Network on the World Bank and President of the NGO “Traditions d’Avenir”, I was led to launch an initiative that is quite unusual for a nationally elected representative. I was surprised not to hear the voices of patients – especially those from poor countries – at the major international meetings I attended. I had seen for myself how difficult it is for low-income patients to have access to treatments, and I had observed that there were very few exchanges between health players working for these populations. So, I set out to organize an event on the topic: “The itinerary of a patient in developing countries in the face of traditional and scientific treatments”.

This original idea met with immediate support from two friends who gave the required scientific backing: Professor Jean-François Girard, President of Institut de Recherche pour le Développement (IRD), and Professor Luc Montagnier, who in the same year was awarded the Nobel Prize in Physiology or Medicine for his research on AIDS. The Committee of Honour was rapidly extended to include the Chinese Vice Minister of Health, Professor Wang Guoqiang, the Secretary to the Indian Government, Professor Vishwa Mohan Katoch, then personalities from Japan, Switzerland, Guatemala... It would be long and tedious to list them all. However, the latest from France, aware of the need for such a meeting in order to better inform political circles about the reality of poverty in terms of health, was no less than Jacques Chirac, in both a personal capacity and in the name of his Foundation. Cameroon’s First Lady, Chantal

Biya, President of African Synergy, also enthusiastically gave her High Patronage and material support to these days.

A meeting was consequently held from 16 to 20 November 2009 in Yaoundé, Cameroon, and gathered around a hundred people representing twenty-six nationalities: doctors, anthropologists, traditional practitioners, sociologists and politicians that are all recognised for their personal commitment to support disadvantaged populations. A workshop on the same issues had already taken place in Cameroon in May, prior to these international exchanges, but was reserved for nationals. This event made it possible to hone the concept and establish the topics to be retained. On this occasion, the three-day meeting addressed the specific economic and social context of patients with few resources in the face of major pandemics – whether in India, China, other Asian countries, Latin America, the Pacific, and finally and especially, Sub-Saharan Africa .

The other subjects addressed were the need to take into account the grassroots reality of communities in health strategies and, consequently, to recognise the role of ethnology and ethnomedicine.

The need, as a result, to acknowledge patients in these countries in terms of their culture, convictions and differences compared to the clichés that concern them: institutional and media-based clichés that stem from Western ways of thinking. The issue of the weight of tradition in terms of prevention, diagnosis and the use of healthcare services was extensively addressed. In addition, there were exchanges concerning the place of modern and traditional medicine in health policies, the need to

address abuses, the desire to build more bridges such as this GATHERING, and the possibility of coordination between different treatments. As Luc Montagnier emphasised once again: “There are not several medicines, there is only one: the one which cures!”. This is however an extremely difficult thing to achieve on a vast scale.

The abuses and multiple forms of deceit in terms of treatment were not, however, underestimated: charlatans, imitations, fake drugs. This was an opportunity to mention Western rules for validating drugs and to address ethical problems relating to treatments. It was also an opportunity to mention again UNESCO’s resolutions on the protection of traditional knowledge. The other debates concerned social, health and political issues and addressed the question of the existence of patient associations and their role in assisting and protecting individuals. It was observed that beyond the solidarity and unity of these associations, their activities could be extended so that they could become fully-fledged economic activities within communities: for example, medicinal plants are grown profitably in Tamil Nadu (GANDEEPAM), Madagascar (IMRA), the Democratic Republic of Congo (BDA), etc.

Finally, in terms of the issue of governance, the GATHERING also gave speakers the opportunity to hear about and take into account the different approaches – in Cameroon, China, India, Peru – to social coverage in national health systems. It was possible to gain an understanding of how these systems are structured and also to consider the difficulties involved in setting them up. Many of these issues have been addressed from a scientific perspective during sector-based events, but rarely with such a range of players from as many different professional, and rather unofficial, horizons. However, it should perhaps be emphasized that their participation was subject to a rigorous choice based on recognised activities.

The first outcome to be verified is that a meeting at this level succeeds in creating the will to exchange and disseminate information. This must be possible and should leave aside institutional language and the dominating Western way of thinking. Modern technologies can help achieve this.

Another observation – while recognising the commitments made at local level by teams from major organisations – is that this level, which represents the real situation, must be taken into account at the central level. As one speaker pointed out: “(These) institutions are too timid, (with) relations exclusively based on money, contacts between institutions and civil society must be strengthened...” and another, outside “modern” government or health circuits: “Beyond drugs, we have many needs in terms of health education for populations, and local therapists should be playing a more important role in this. Conditions must also be created for an (approved) University of Traditional Medicine that could – among other things – build bridges between the different treatments...”. The YAOUNDE GATHERING (16-20 November 2009) consequently fulfilled its role – albeit a small role compared to the huge meetings organised worldwide – in terms of general health issues. However, it is desirable to renew this opportunity for exchanges between health players on activities which are diverse, but all concern patients in poor countries.

For my part, the fact that the Indian, Chinese and Brazilian delegations told me they wished to give further testimonies, and wanted to know how a GATHERING could be organised in these countries in the coming years, gives me more than just satisfaction: it shows that a political target has already been achieved. And in the words of the founders of the World Health Organization in 1946: “A disease cannot be treated if we ignore the patient...”

*For more information: [m.guerry@senat.fr](mailto:m.guerry@senat.fr)*





## World Bank Corner: Leading International Financial Institutions Commit to Fight Against Climate Change and Call for Comprehensive Copenhagen Agreement

The heads of the world's leading international financial institutions in December issued a joint statement pledging to use their organization's mandates, expertise, and resources to help authorities combine with the private sector to confront the challenges of climate change and to make the best possible use of available financing. In the statement, the leaders agreed to further coordinate their own efforts to help achieve COP15's ambitious goals.

The heads of the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, World Bank Group, and International Monetary Fund also committed their organizations to the use of technical assistance and funds to further support their environmental goals. They recognized the primacy of the United Nations Framework Convention on Climate Change (UNFCCC) in setting the targets for dealing with global environmental challenges.

The institutions will coordinate with the European Commission and other partners supporting efforts by developing countries to cope with climate change. The leaders reiterated their commitment to help developing nations adapt to climate change and to facilitate the development and transfer of climate-friendly technology and knowledge according to the needs of individual countries.

World Bank Group President Robert B. Zoellick said: "Climate change is one of the most complex challenges of our young century. No country is immune. No country alone can take on the interconnected

challenges posed by climate change, including difficult political decisions, daunting technological change, and far-reaching global consequences. Changes of this magnitude will require substantial additional finance for adaptation and mitigation, and for intensified research to scale up promising approaches and explore bold ideas. It is crucial that countries integrate development needs with climate actions."

According to IMF Managing Director Dominique Strauss-Kahn, the global economic crisis must not distract "Sustaining the recovery and putting in place effective climate change policies can be mutually reinforcing with the right policies implemented resolutely." He added, "Global cooperation, including among international financial institutions, will help countries to confront the challenges from climate change. These require innovative and long-term solutions, which have a part to play in supporting the recovery and sustainable growth. The IMF can assist in its areas of expertise to advise on policies and support countries that are most vulnerable to economic and climate challenges."

### The Joint Statement

We, the Heads of the MDBs and the IMF, appeal to the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) to agree in Copenhagen the foundations for an ambitious, comprehensive, and equitable global climate change regime that enables all countries to achieve sustainable development along climate-resilient and low greenhouse gas emission-intensive paths. We recognize the primacy of the UNFCCC, whose principles and process we

have supported from the start. We endeavor, in accordance with our organizations' respective mandates, expertise, and resources, to further coordinate our financing and analyses of climate change actions and enable our client partners to maximize the effective use of new financial flows.

### Common Objectives from Experience Gained

The MDBs collectively are ready, in collaboration with other International Financial Institutions, UN agencies and other development partners, to build upon their respective mandates, expertise, and resources to help countries and their public and private sectors respond to the challenge of climate change while achieving the MDGs. To this end, we endeavor to:

- Help developing countries, in particular the least developed countries, adapt to climate change and strengthen the climate resilience of their development processes;
- Help ensure that the world economy develops along a sustainable greenhouse gas emissions pathway;
- Promote sustainable development, respecting human rights, in all client countries, and help developing countries achieve the MDGs;
- Facilitate and enable access to finance for the development and transfer of climate-friendly technology and knowledge according to the needs and priorities of partner countries; and,
- Promote market based solutions and mobilize and leverage private sector finance in support of climate change objectives.

### MDB Collaboration for Better Results

First, in order to facilitate efficient and effective public and private investment, the MDBs endeavour to further coordinate their financing of climate actions within a common framework in accordance with their respective mandates, expertise, and resources. Such a

framework will benefit from lessons learnt from our cooperation past and present, including recently-established Climate Investment Funds executed by the MDBs. As part of this common framework, we will seek to provide and facilitate country-driven, comprehensive packages of technical assistance and financing which may include blends of loans, grants, equity, carbon finance, and guarantees as appropriate and available. We will also seek to leverage public funds with private financial flows so as to mobilize market-based financing for climate investments.

Second, the MDBs will work to scale up financing for adaptation, developing projects and programmes that contribute to greater climate resilience, supporting national adaptation strategies, strengthening related institutions, and providing technical assistance and insurance products.

Third, following the outcome of the UNFCCC negotiations, the MDBs are also ready to scale up their support of processes that generate positive incentives relating to reducing emissions from deforestation and forest degradation in developing countries. We recognize agriculture, the building sector, industry and municipal infrastructure as other important sectors where opportunities exist to reduce emissions with proper incentives, capacity-building and technical support.

Fourth, the MDBs already have projects and programmes in energy efficiency, renewable energy, and sustainable transportation systems, and will further support increasing public and private sector investment to scale-up such projects and programmes using the full array of climate finance instruments and other financing products.

Fifth, the MDBs endeavor to work together to facilitate the continuity of and to reinforce the carbon market and related mechanisms beyond 2012. Our efforts will be directed to

support a wider participation of all client countries and their private sectors in such mechanisms thereby facilitating a more equitable geographical distribution of their benefits. We intend to make available financing instruments to scale-up emission reductions, notably through programmatic and other broad approaches, as well as to provide further help to manage risks related to regulatory uncertainties associated with a post-2012 climate regime. We further intend to support countries in building readiness to participate effectively in these mechanisms by building the capacity of domestic public institutions and the private sector, including for project determination and emission verification, and by facilitating the establishment of domestic regulatory frameworks.

Sixth, the MDBs will seek to continue coordinating and harmonizing their respective approaches, processes and practices in the field of climate change to ensure a high-quality service to our clients, and to coordinate as appropriate with others supporting developing countries efforts to cope with climate change. We will continue

to enhance knowledge and shared learning of best practices, including vulnerability and climate risk assessments at the regional, country and project level, low-emissions growth studies and other analytical work and tools.

Finally, the MDBs will support these efforts through technical advice, knowledge, and policy-development work. The IMF will advise countries in creating and managing fiscal space for dealing with the challenges of climate change, and in addressing the fiscal and financial risks that it poses.

The Heads of the MDBs and the IMF stand ready to put the depth and breadth of their human and financial resources at the service of the UNFCCC Parties and their private sectors in confronting the challenges posed by climate change. Rising to these challenges is imperative to avoid dangerous climate change and the threat that it poses to the achievement of the MDGs. An equitable and ambitious outcome in Copenhagen offers the prospect of sustainable development in all regions and countries.



## **A New Disclosure Policy for the Bank**

The World Bank Group

The World Bank's Board of Executive Directors in November approved the Bank's new policy on access to information which positions the Bank as a transparency leader among international institutions. The policy was informed by extensive external and internal consultations held in 33 countries and through the Bank's external website. It reflects the views of member countries, civil society organizations, academia, parliamentarians,

media, the private sector, international organizations, donor agencies, and Bank staff.

The new policy represents a fundamental shift in the Bank's approach to disclosure of information – moving from an approach that spells out what documents it can disclose to one under which the Bank will disclose any information in its possession that is not on a list of exceptions. The policy statement will be finalized in December 2009 and become

effective on July 1, 2010. A progress report will be presented to the Board by the end of 2011.

“This paradigm shift underscores the Bank’s commitment to transparency and accountability and recognizes their fundamental importance to development and to achieving the Bank’s mission of overcoming poverty and improving development effectiveness,” said World Bank Group President Robert B. Zoellick.

“I am personally grateful to all of the civil society organizations, government officials, and citizens of our member countries who contributed their ideas and perspectives as we developed this new policy through a global consultation process. We have collectively come up with a policy that is in line with international best practice and opens up the development process by fostering public ownership, partnership, and participation in World Bank-supported operations from a wide range of stakeholders,” he added.

The policy on access to information provides for the disclosure of more information than ever before – on projects under preparation, projects under implementation, analytic and advisory activities (AAA), and Board proceedings. This information will be easily accessible on the World Bank’s external website and available through the InfoShop, public information centers, and the World Bank Group Archives. At the same time, the policy strikes a balance between maximum access to information and respect for the confidentiality of information pertaining to its clients, shareholders, employees, and other parties.

Recognizing that the sensitivity of some information declines over time, the policy provides for the eventual declassification and disclosure of restricted information over a

period of five, 10 or 20 years, depending upon information type. “Openness promotes inclusiveness, engagement with stakeholders and public oversight of Bank-supported operations,” said Jeff Gutman, Vice President, Operations Policy and Country Services Vice Presidency. “This in turn will strengthen participation in the design and implementation of projects and policies and improve development outcomes,” he added.

The new policy includes clear procedures for responding to requests for information, as well as an appeals mechanism for requesters who believe that the Bank has unreasonably denied access to information that should be publicly available. This appeals mechanism includes review by an independent body consisting of international experts.

Over the next several months, the Bank will put in place measures that will enable effective and efficient implementation of the new access to information policy. Such measures include staff training; improving information management and technology systems; developing an effective document tracking system; strengthening the Archives Unit, the InfoShop, and the public information function in country offices; and establishing associated service standards. The final policy statement incorporating comments from the Board will be issued in December 2009.

## **Background**

Over the past 15 years, the Bank’s policy on information disclosure has evolved in response to changes in the Bank’s business, the growing expectations of stakeholders, and the Bank’s continued commitment to enhancing transparency about its operations. The Executive Directors and Bank Management have periodically reviewed the policy and expanded its scope: for example, in 1993, 2001, and 2005.



## PNoWB Attends Regional Economic Outlook for Africa: The Great Recession and Sub-Saharan Africa

The International Monetary Fund on 21 October, 2009 marked the launching of the latest report of its *Regional Economic Outlook* series. *Sub-Saharan Africa: Weathering the Storm* examines the impact of the global financial crisis on economic performance in countries across the region and on sub-Saharan Africa as a whole. Co-sponsored by the *Agence Française de Développement* (AFD), the event brought together academics, economists and development specialists from the World Bank, IMF, AFD, OECD and the French Ministry for European and Foreign Affairs, among others.

The *Economic Outlook for Sub-Saharan Africa* report reveals that in comparison with previous large global economic downturns, countries in the region are weathering the current storm relatively well. This is due in large part to positive economic policies put in place by many countries prior to the crisis. According to Shanta Devarajan, chief economist of the World Bank's Africa Region, strong policies and coherent development frameworks in the years preceding the crisis led to lower inflation rates and more robust reserves, putting countries in a stronger position heading into the current recession, the largest since the 1930s.

Increased support from the IMF has also helped to mitigate the effects of the downturn on the continent, according to Antoinette Monsio Sayeh, the director of the IMF's African Department. "Scaled-up financial support from the IMF has buttressed countries' policy response," Ms. Sayeh said in a recent press release, adding that "the doubling of lending limits and more flexible policies have facilitated a rapid response to countries' needs, and new IMF commitments to sub-Saharan Africa have reached over US\$3

billion so far this year, compared to some US\$1.1 billion for the whole of 2008 and only US\$0.1 billion in 2007."

Despite the protective effect of strong economic policies and increased IMF support, the region has nonetheless been heavily affected by the global downturn, the report finds. Exports of many countries have fallen drastically, capital flows have suffered and unemployment and under-employment have likely risen. In the five years preceding the crisis, annual economic growth rates of 6.5 % were seen across the region—the highest in thirty years. However, rates for 2009 are expected to fall to a meager one percent, with the IMF predicting that the crisis "will likely slow, if not reverse, progress on poverty reduction" in all countries in the region.

"The IMF's *Economic Outlook for Sub-Saharan Africa* reminds us that we must continue to act to ensure that the economic and development policy achievements realized by many African countries are not lost in the wake of the crisis," said Hugh Bayley, Chairman of PNoWB. He added, "Sub-Saharan Africa must have the resources it needs to emerge successfully and prosperously from the global recession."

Looking ahead, Shanta Devarajan sees both a peak of aid need and aid productivity in the coming recovery. The IMF believes that the region's growth may rebound to four percent in 2010 and to more than five percent in the following years. However, this will not be achieved without international cooperation. "[I]t will be critical that other development partners support ... [the IMF's response] effort and those of other international financial institutions," Ms. Sayeh said in a recent press release.



## Foreign Bribery: Who Pays the Price? International Anti-Corruption Day 2009 at OECD

The OECD celebrated on 9 December, 2009 the International Anti-Corruption Day and the 10<sup>th</sup> anniversary of the entry into force of its Anti-Bribery Convention. Mark Pieth, Chair of the OECD Working Group on Bribery, Angel Gurría, OECD Secretary General, Hillary Clinton, US Secretary of State, Gary Locke, US Secretary of Commerce, and Ngozi Okonjo-Iweala, World Bank Managing Director delivered supportive messages.

A high-level roundtable chaired by Komla Dumor from the BBC was the opportunity for representatives of the Center for Global Development, Transparency International, EITI, MEDEF, General Electric, Total and Areva to share their views on the integrity of global trade and international development.

Ms. Clinton via live video-link expressed her satisfaction with the adoption of the new OECD Recommendation on Further Combating Bribery of Foreign Public Officials in International Business Transactions and encouraged all parties to implement it and ensure the highest level of transparency regulations. Mr. Pieth then declared his optimism given the progress achieved over the past ten years but further stated the necessary commitment of member countries to effectively fight corruption.

Indeed, as mentioned by Angel Gurría, measures are required to prevent bribery from national and international officials, which have a devastating impact on public expenditures and strengthen the vulnerability of public procurement. Among others, now

that corruption is a punished crime, the lines of communication between government officials and law enforcement agencies are to be improved in order to make sure that bribery cases are investigated and prosecuted.

The moderator of the high-level roundtable, attended by more than 250 government, private sector and CSO representatives from 40 countries, opened the floor by asking all those who paid or received bribes to raise their hand. Most of the participants connected to low income countries and fragile states with poor governance standards testified of the work still to be done.

Jean du Rusquec – adviser to the CEO of Total – highlighted the necessity to receive some support from international organizations as alone it is impossible to change the world. Peter Eigen, Chair of EITI, founder of Transparency International and former Director at the World Bank, recognized that it had been difficult in the past to receive support from Bretton Woods Institutions on what was perceived as interfering in domestic affairs. Nonetheless, the situation has changed and the World Bank is now one of the strongest corruption fighters. Ngozi Okonjo-Iweala, concluded, “let’s not be naïve, it is all about political will”.

More information available at [http://www.oecd.org/department/0,2688,en\\_2649\\_34859\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,2688,en_2649_34859_1_1_1_1,00.html)

**Join the fight** - International organizations, NGOs, corporate networks or governments with similar anti-corruption agendas are invited to join us in this initiative.

Email the OECD for more information at [anti-corruption.contact@oecd.org](mailto:anti-corruption.contact@oecd.org)





## Africa Needs New Engines to Drive Post-Crisis Growth

The International Monetary Fund

Africa will need new engines to drive strong growth in the period following the global financial crisis, IMF African Department Director Antoinette Sayeh said.

Speaking at the Brookings Institution panel on African growth, Sayeh noted that the latest IMF projections suggest the global economy is beginning to grow again but cautioned that the recovery is uneven and remains dependent on policy support.

“Measures to improve the business environment, to develop well regulated capital markets, to increase labor productivity, and to enhance efficiency in the public sector are always important but will be even more so in sub-Saharan Africa in the months to come,” Sayeh told the meeting. Other panel members were U.S. Treasury Acting Assistant Secretary for International Affairs Andrew Baukol and Corporate Council on Africa President Stephen Hayes. The event was moderated by Brookings Senior Fellow Mwangi Kimenyi.

Projections from the IMF’s latest Regional Economic Outlook for sub-Saharan Africa show countries in the region are being hit hard by the crisis, Sayeh stated. But she added that Africa’s economies were responding better to this crisis than to past slowdowns.

### **In better shape**

In previous downturns, countries had very limited room for maneuver in responding to global economic slowdowns. Budget deficits were typically large and monetary policies too loose, leaving countries very vulnerable going into past crises. But most countries were in much better shape at the outset of the current downturn, Sayeh observed.

Budgets for the region as a whole were broadly balanced in 2008, debt levels were lower than in the early 1990s, inflation was under control in much of the region, and as a result countries had accumulated much larger reserves overall.

“This hard-earned flexibility to ease policies should help to dampen the adverse impact of the crisis on poverty and social indicators. But the key to success will be how this policy space is being used on the ground,” Sayeh said. “Is it being used, for example, to protect social spending or sustain critical infrastructure projects?”

Sayeh stressed that not all countries were in a position to ease policies during the crisis. For some countries where economic fundamentals were weaker, there has simply been no room to use macroeconomic policies to support short-term growth. These countries will be heavily reliant on higher aid flows to mitigate the impact of the slowdown on vulnerable groups.

### **More IMF financing**

Turning to the IMF’s response to the effects of the global crisis in Africa, Sayeh noted that the institution has sharply increased concessional financing to low-income countries over the past year. Through October 2009, new IMF commitments to sub-Saharan Africa reached more than \$3 billion, compared with around \$1 billion for the whole of 2008 and only \$200 million in 2007. By the end of 2009 the IMF should have lent sub-Saharan Africa a little more than \$4 billion, Sayeh said.

The IMF was doing more in the way of providing financing, beyond support through programs, Sayeh stressed. Financial support had been provided through a special allocation of Special Drawing Rights (SDRs) of which sub-Saharan Africa's share was \$12 billion. "Those countries are using those new SDRs to supplement their low level of reserves," Sayeh said.

The IMF was also working to expand its lending to low-income countries as a whole to some \$17 billion by 2014. The institution had increased the concessionality of its financing, had placed a moratorium on interest payments by low-income countries through 2011, and was also taking a more flexible approach to debt, Sayeh said.

Recognizing that different countries have different needs, the IMF had also introduced a variety of different lending windows to make lending more flexible and better tailored to the needs of the country.

#### Wider fiscal deficits

"We are working to ensure that IMF-supported programs do not prevent countercyclical policies," Sayeh stated. She noted that fiscal targets had been loosened in close to 80 percent of African countries with active IMF-supported programs. On average, fiscal deficits were widening by 2 percent of GDP.

"The IMF has done its part, we think," Sayeh said. "We have increased the amounts we lend and changed the way we lend. But we cannot do this alone—the international community has to pitch in."

During questions from the audience, Sayeh was asked how the IMF addressed perceptions that sub-Saharan Africa was experiencing episodes of growth without development, in which improving macroeconomic statistics may not necessarily lead to higher living standards.

Sayeh said the IMF and other development partners had sought to tackle this issue in the late 1990s by articulating a broader poverty reduction strategy in low-income countries that aimed for both growth and investment in social sectors.

Sayeh was asked how the IMF planned to support African governments' measures against corruption while also streamlining the conditionality of its loan facilities. She said the fight against corruption had many different dimensions among various development partners. The IMF focused on public financial management and the transparency of resource management, and invested heavily in transparent budgetary processes. The IMF had also been a strong partner in the Extractive Industries Transparency Initiative, Sayeh stressed.

Sub-Saharan Africa	Yr 2007
Population, total (millions)	798,2
Population growth (annual %)	2,4
Surface area (sq. km) (thousands)	24 241,9
Life expectancy at birth, total (years)	51,5
Mortality rate, infant (per 1,000 live births)	88,5
Literacy rate, youth female (% of females ages 15-24)	67,4
GNI (current US\$) (billions)	811,9
GNI per capita, Atlas method (current US\$)	970,4
Prevalence of HIV, total (% of population ages 15-49)	5,0
Source: World Development Indicators	



# Membership Form Formulaire d'adhésion

Name / Nom \_\_\_\_\_

Nationality / Nationalité \_\_\_\_\_

Address / Adresse \_\_\_\_\_

Phone / Téléphone \_\_\_\_\_ Fax / Télécopie \_\_\_\_\_

E-mail / Courriel \_\_\_\_\_

Gender / Sexe \_\_\_\_\_ Birth / Date de naissance \_\_\_\_\_

Ruling party or opposition  
Parti au pouvoir ou opposition \_\_\_\_\_

Position & title  
Fonction et titre \_\_\_\_\_

End of term / Fin de mandat \_\_\_\_\_

## Thematic interest / intérêt thématique

- Education
- HIV/AIDS – IV/SIDA
- Economic Policy – Politique économique
- Gender - Genre
- Poverty reduction – Réduction de la pauvreté
- Environment - Environnement
- Public Sector Reform – Réforme publique
- Rural Development – Développement rural
- Good Governance – Bonne gouvernance
- Globalization - Mondialisation
- Social Development – Dévelop. social
- Private Sector – Secteur privé
- Energy - Energie
- Infrastructure/Transport – Infras/transport
- Urban Development – Dévelop. urbain
- Water Sanitation – Gestion de l'eau
- Trade - Commerce
- Millenium Development Goals – Objectifs Millénaire

## Regional Interest / intérêt régional

- Africa  
Afrique
- Europe and Central Asia  
Europe Asie Centrale
- East Asia and the Pacific  
Asie de l'Est et Pacifique
- OECD Countries  
Pays de l'OCDE
- South Asia  
Asie du Sud
- Latin America and the Carribean  
Amérique Latine et Caraïbes
- Middle East and North Africa  
Moyen Orient et Afrique du Nord

Signature \_\_\_\_\_

Please return by e-mail to [secretariat@pnwb.org](mailto:secretariat@pnwb.org)  
or by fax to +33 1 40 69 31 64



## IMF Corner

### What's new at the International Monetary Fund?

#### **Navigating Exit From Extraordinary Public Anti-Recession Policies**

The IMF in December hosted a high-level conference to examine the process of reversing massive interventions by governments and central banks to stave off financial system collapse. Participants agreed that exit strategies should be comprehensive and take into account the multidimensional nature of the problem. <http://www.imf.org/external/pubs/ft/survey/so/2009/POL121009A.htm>

#### **'Too Complex to Fail' the Real Issue, Says IMF**

Governments should consider the potential of financial institutions to severely damage global financial and economic stability in assessing when firms are "too complex to fail," the IMF said, launching a paper to help determine which firms and markets are systemically important. <http://www.imf.org/external/pubs/ft/survey/so/2009/POL111009A.htm>

#### **Experts Warn Financial System Risks Still High**

Governments need to rethink how the financial sector intersects with the broader economy if future crises are to be avoided, economists agreed at a panel discussion at the International Monetary Fund's recently held Economic Forum. <http://www.imf.org/external/pubs/ft/survey/so/2009/RES111009A.htm>

#### **IMF Examining Financial Sector Tax Options**

The IMF is examining policy options, including a possible tax on the financial sector, for how governments can recover the billions of dollars in public support used to prop up the banking and financial system during the current crisis, as well as meet potential future costs. <http://www.imf.org/external/pubs/ft/survey/so/2009/NEW120109A.htm>

#### **Asia Recovering Rapidly, but Faces Challenges, says IMF**

After being hit hard by the global economic crisis, Asia is now rebounding fast, according to the IMF. The region is outpacing other parts of the world, with the "green shoots" of recovery appearing earlier and taking firmer root than elsewhere. <http://www.imf.org/external/pubs/ft/survey/so/2009/CAR102809A.htm>

### A PNoWB publication...



Send your articles to [secretariat@pnorb.org](mailto:secretariat@pnorb.org)