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## Network News



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## Features

- Page 1: Message from **Hugh Bayley**
- Page 2: The IMF's crisis response and reform agenda,  
By **Dominique Strauss-Kahn**
- Page 3: Interview  
with **Axel van Trotsenbourg**
- Page 6: Parliamentarians combating climate change, by **Pär Grandstedt**
- Page 7: AWEPA 25th anniversary
- Page 8: A new way forward in the DRC,  
By **Paul Dewar**
- Page 10: Rigorous evaluation, the key to successful development programs, by **Vinod Thomas**
- Page 11: Reforms in international financial Architecture, views from the IMF,  
By **Ranjit Teja**
- Page 13: The crisis in emerging Europe,  
By **Bas Bakker**
- Page 15: IFC and the global crisis,  
By **Kenroy Dowers**
- Page 16: The hidden food crisis,  
By **Juergen Voegele**
- Page 18: AFD top donor in combating Climate change, by **Denis Loyer**
- Page 19: About Francophonie,  
By **Marie-Rose Nguini-Effa**
- Page 19: The International Parliamentarians Conference – G8 – Rome 2009,  
By **Marie-Rose Nguini-Effa**
- Page 21: PNoWB Membership form
- Page 22: World Bank corner
- Page 24: What's new?

## Message . . .

At the eve of the Annual Meetings of the World Bank and IMF in Istanbul, international development is deeply impacted by the global financial and economic crises. In these difficult times, I believe our members and partners will certainly welcome the views from several distinguished development experts in this issue of Network News.

Parliamentarians are invited to further contribute to this review too. They can obviously share with the network their views, analyses and best practices on their relationship with Bretton Woods institutions and other donors.

As instability could lead to a reduction of funds available to development, aid effectiveness and good governance are more than ever critical. We must mobilise more MPs and development stakeholders to encourage transparency and promote accountability.

Throughout 2010 the World Bank will be seeking commitments from donor countries to the IDA16 replenishment which will run from 2011 to 2014. PNoWB is encouraging Parliamentarians in donor countries to press their governments to increase their IDA contributions, despite the downturn, and Parliamentarians in developing countries to ask questions about the impact and effectiveness of World Bank aid.

IDA16 will be the last full, three year, replenishment for the 2015 target date for implementing the Millennium Development Goals. G8 and European Union donors need to increase their aid spending over this period to fulfill their commitments to reach the UN's 0.7% target by 2014.

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

**Hugh Bayley**, MP  
Chair, Parliamentary Network on the World Bank



## The IMF's Crisis Response and Reform Agenda

By Dominique Strauss-Kahn,  
Managing Director,  
International Monetary Fund

The 2008 IMF and World Bank Spring Meetings took place on April 25-26 in Washington DC against the back-drop of the worst crisis in many generations. After the G20 Heads of State Summit in London on April 2, the meetings provided a timely opportunity for the Fund's membership to discuss the policy agenda and priority actions going forward.

Since the onset of the global financial crisis, the Fund has mobilized on many fronts to support its member countries with prompt, large and flexible financial support where needed. As of May lending commitments reached a record level of \$157 billion, including a sharp increase in concessional lending to the world's poorest nations. The Fund's monitoring, forecasts, and policy advice, informed by a global perspective and by experience from previous crises, have been in high demand. The Fund has deployed a broad financial safety net, through an overhaul of its general lending framework that makes it better suited to members' needs, and by garnering pledges for a substantial increase in Fund resources. And the institution has contributed to the ongoing collective effort to draw lessons from the crisis for policy, regulation, and the global architecture.

During the Meetings, there was strong support for the Fund expressed by a wide cross-section of the membership which suggests that the Fund is on the right track. But this is no time to rest. Let me set out what I regard as priorities for the coming months:

**Global Financial Safety Net.** The Fund will work swiftly to turn loan pledges from

members into effective lending arrangements, and will seek to expand the New Arrangements to Borrow (NAB) and make it more flexible as a stronger complement to the Fund's quota resources. As the safety net would not be truly global without adequate coverage of the Fund's low-income members, the Fund must also press forward expeditiously to reach agreement on solutions that would allow at least a doubling of its medium-term concessional lending capacity.

**Lending Framework.** The Fund needs to continue efforts to adapt its lending framework to the diverse needs of its members. In particular, the new Flexible Credit Line, which provides high access financing for eligible countries, without ex post conditionality, is an exceptionally flexible instrument. Mexico, Columbia, and Poland are the first countries using this new facility. Further work on streamlining conditionality with a strong social component to protect the most vulnerable, and a revision of the Fund's lending framework for low-income countries that is better tailored to their needs and diverse nature will be a priority.

**Surveillance.** The Fund will enhance its cross country work and continue to strengthen risk assessments and analysis of real-financial linkages and spillovers, and the Fund will further refine its early warning exercise. Enhancing the traction of surveillance is a challenge that all need to take on. More engaged policy dialogue with members and clearly communicated messages will be key. So will candor, independence, and evenhandedness.

**Architecture.** Efforts to build a more robust global architecture and continue with governance reforms need to proceed apace, and the Fund will continue to contribute to this agenda. A key element here will be to solidify perceptions of the Fund as an effective and legitimate institution beyond the present crisis. In this connection, I cannot overstate how important a step is the ratification of the April 2008 package of quota, voice, and income reforms, and I urge parliamentarians to work toward that objective.

In sum, the overarching priority remains to respond effectively to this crisis with all available policy tools, at home and globally, and the Fund needs to make sure its policies are well-suited to the task. I look forward to a productive exchange of views, including with parliamentarians and civil society, to provide further impetus and guidance to this important work.



### **Interview with Axel van Trotsenburg,**

Vice President for Concessional Finance and Global Partnerships,  
The World Bank Group

#### **PNoWB: You have just been appointed Vice President for Concessional Finance in the World Bank Group. What does that mean?**

The Vice Presidency for Concessional Finance and Global Partnerships is responsible for the mobilization of concessional resources – that is grants and mostly interest-free loans – for our poorest member countries. The most prominent vehicle is the International Development Association – IDA. Forty-five donor countries contribute to providing IDA

with resources, in replenishment negotiations that take place every 3 years. The last replenishment – IDA15 – raised about USD 42 billion.

We also administer Trust Funds – funds for special purposes held in trust by the World Bank on behalf of donors. These trust funds benefit both Middle Income Countries and Low Income Countries. Last year, the level of Trust Fund resources held by the World Bank amounted to about USD 26 billion.

#### ***The International Development Association (IDA)***

*Established in 1960. Aims to reduce poverty by providing interest-free loans (know as credits) and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions. Complements the World Bank's other lending arm—the International Bank for Reconstruction and Development (IBRD)—which serves middle-income countries with capital investment and advisory services. IBRD and IDA share the same staff and headquarters and evaluate projects with the same rigorous standards. IDA is one of the largest sources of assistance for the world's 79 poorest countries, 39 of which are in Africa. The terms of IDA credits are not market-based but "concessional". This means that IDA credits have little or no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period. IDA also provides grants to countries at risk of debt distress. Since its inception, IDA credits and grants have totaled US\$207 billion, averaging US\$12 billion a year in recent years and directing the largest share, about 50 percent, to Africa.*

More information can be found on [www.worldbank.org/ida](http://www.worldbank.org/ida)

**PNoWB: IDA had record commitments of USD 14 billion in fiscal year 2009. What have these funds been committed to?**

IDA funds are destined for Low Income Countries, primarily countries with GNI per capita below US\$1,135 (in Fiscal Year 2010). IDA also supports some countries, including several small island economies, with a higher GNI per capita, but which still are unable to borrow on IBRD terms, or access the international capital market.

As of today, seventy-nine countries can access IDA resources. Together, these countries are home to some 2.5 billion people, half of the total population of the developing world.

More than half of IDA's resources are committed to Sub-Saharan Africa. South Asia is the second largest borrowing region, receiving about 30% of IDA funds. IDA supports activities in a number of different sectors, be it education, social protection, environment, agriculture or infrastructure, and IDA resources can be made available in the form of project support or direct budget support. To mention the largest sectors, in Fiscal Year 2009, 35% of IDA resources went to infrastructure; 26% to social sector; 19% to public administration and 13% to agriculture.

**PNoWB: IDA is replenished by donors every three years, can you tell us how this process works?**

IDA was established almost 50 years ago, when a group of member countries in the World Bank decided to set up an agency that could provide loans to the poorest countries on the most favorable terms possible. It's a community of global solidarity, with donors using IDA as an instrument to channel funds to those countries that need external resources to develop.

Donors meet every three years to replenish IDA funds and review IDA's policies. The most recent replenishment of IDA's resources, the fifteenth replenishment (IDA15), was finalized in December 2007, and finances projects over the three-year period between July 1, 2009 and June 30, 2011. Donors will soon meet to review the progress of IDA15, at a Mid-Term Review Meeting in the fall of 2009.

In addition to the IDA donors, representatives of borrowing countries from each region have been invited to take part in the replenishment negotiations since IDA13. A total of nine borrower representatives participated during the IDA15 negotiations.

**PNoWB: Do you have consultations with constituencies outside of governments? Do you plan to involve for instance parliamentarians?**

IDA is about solidarity, responsibility and outreach. We can't limit ourselves to interact with governments only. We need to be in close touch with civil society organizations, with academics and media, and with parliamentarians, to make sure that we understand what happens on the ground in the borrowing countries, to understand where we should focus our resources.

In donor countries alike, we need to engage with different groups, including with parliamentarians. IDA is about taxpayers' money, and we have the responsibility to manage these resources in the best possible way.

The level of our engagement with MPs will vary from country to country, depending on the role of parliamentarians in the different countries, and on the relationship between government and parliament. But in principle, we are always open to – and interested in – engaging with parliamentarians.

Since IDA13, background policy papers are publicly released, as well as drafts of the replenishment reports prior to their finalization. This also allows for interested MPs to stay informed of the discussions in IDA replenishments.

**PNoWB: What kind of relationship do you expect between the World Bank Group and parliamentarians in the long term?**

On the longer term we are interested in being engaged with parliamentarians on a whole range of issues, from climate change to development. We are ready to keep interacting with MPs, through meetings, consultations and other means.

Next year we will start the negotiations for the 16<sup>th</sup> replenishment of IDA. IDA16 resources will be crucial to help reaching the Millennium Development Goals. We need MPs to understand how the multilateral system works, and why it is important to support it.

**PNoWB: At the eve of the World Bank and IMF Annual Meetings in Istanbul, how do you assess the impact of the global downturn in IDA countries?**

When the financial crisis broke out enormous efforts were made to address its effects in rich countries. In Middle Income Countries the efforts have also been significant. The World Bank – to take one example – has tripled its IBRD lending to Middle Income Countries. Low Income Countries are facing additional challenges as a result of the financial crisis. Some of the hard-won gains in the poorest countries are now at risk, making the trajectory towards reaching the Millennium Development Goals even harder. As Low Income Countries cannot access IBRD lending, and the IDA resource envelope is finite, we will not be able to increase resource transfers through IDA without the help of the donors.

We need – as an international community – to make an additional effort to help the poorest countries overcome the effect of this crisis. IDA is ready to do its part.

***IDA at Work in Burkina Faso***

*Between 1985 and 2000 the population of Burkina Faso's capital city of Ouagadougou more than doubled. The supply of clean drinking water was quickly running out, and only 30 percent of the city's population was connected to the water system. The public water service (The National Water and Sanitation Utility-ONEA), couldn't keep up with the demands of a surging population, and the government decided to make more water available to the city's residents and strengthen the management of its urban water sector to ensure a stable and efficient supply.*

*IDA was involved in the project from the start, with both financing and technical advice. The approach agreed with the government was to develop new storage capacity to ensure a steady supply of water; to expand coverage by extending secondary and tertiary water distribution networks and by providing connections to low-income households; and to promote efficiency by strengthening ONEA's capacity while using a service contract with an international water operator to manage ONEA's commercial, financial, and accounting operations.*

*Thanks to the project, the number of Ouagadougou residents with household connections to piped water more than tripled in six years, from 300,000 in 2001 to 1,040,000 people in 2007. A full 94 percent of the city's population now have access to safe water, and a 2007 survey of ONEA customers found that 85 percent of them were highly satisfied with their water service.*

*Of the total project cost of US\$269.37, IDA's contribution was \$85.97 million in the form of an IDA credit. To learn more: [www.worldbank.org/ida](http://www.worldbank.org/ida)*



## Parliamentarians in Africa and Europe combating Climate Change

By Mr. Pär Granstedt,  
Secretary General,  
AWEPA – European Parliamentarians for Africa

Africa is the continent that contributes the least to Climate Change. Nevertheless, it is the continent that faces the most grievous affects of Climate Change. It is true that greenhouse gas emissions are not the sole cause for droughts and floods, but the increased frequency and magnitude of these environmental disasters are precisely what researchers predicted would occur as the earth temperature rises.

The African continent is the most vulnerable continent to Climate Change. Africa already experiences pernicious poverty which drives communities to use unsustainable agricultural methods and to deforest land for timber and energy, both of which precipitate soil erosion and reduce soil fertility. Most African countries lack infrastructure, resources and the institutions to effectively adapt to climate change and to reduce the consequences of climate-related effects. Climate change impact on food security and thereby undermine people's quality of life and wider political and economic development processes. Further, when the struggle for life gets tough for communities, the risk of migrations, unrest and conflicts rise. The conflicts in Somalia, Darfur and the Ivory Coast, are all, to a large extent, the consequences of struggles over water and land for agriculture and livestock.

Climate Change is a crucial topic for political debate. In an effort to launch a North-South Dialogue on Climate Change, NGOs and parliamentarians united at the Parliamentary Forum on Sustainable Development and Aid Effectiveness, which took place in Nairobi in August 2008. AWEPA – European Parliamentarians for Africa – along with the Pan African Parliament and other important

parliamentary actors concluded that Parliamentarians from the South and North need to take joint action to meet the consequences of climate change, not least in Africa. Therefore AWEPA and its partners committed itself to start mobilising political action in order to meet the challenges of Climate Change.

The Forum was the starting point for a broad climate dialogue between Africa and Europe – the Parliamentary Dialogue on Climate, Food Security and Development. Parliamentary networks such as GLOBE, Parliamentarians for Global Action and the Parliamentary Network on the World Bank are all participants in this dialogue. The aim is to develop a climate agenda among parliamentarians with a clear North-South perspective with special focus on Africa, and to put pressure on governments. The global climate agreement can serve as a powerful driver of development, if the climate agenda hears the voice of the people, via parliamentary and CSO representatives, and addresses the problems that surround poverty alleviation. The dialogue aspires to lay the ground for, and stress the importance of strong parliamentary involvement in the 2009 Copenhagen COP 15 Conference of the United Nations Framework Convention on Climate Change (UNFCCC).

This North-South dialogue will be taken forward in a series of events culminating in a Parliamentary Delegation to the UNFCCC Conference. In this respect, AWEPA and the Parliamentary Network on the World Bank organised a Regional Parliamentary Seminar on Climate Change and Food Security from 25-26 March in Dakar, Senegal. The Seminar facilitated an open discussion about these

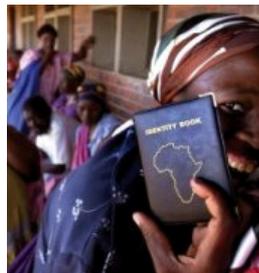
crucial issues among parliamentarians, international actors and Civil Society Organisations. The Seminar concluded that Parliamentarians should build partnerships with the scientific community and civil society to realise effective policies and action in the Economic Community of West African States (ECOWAS) to meet the imminent consequences of Climate Change.

Speakers stressed the large gap between technological possibilities and actual

agricultural production and the need to invest in more agricultural/climate research. Seminar discussions focussed on the need to intensify agricultural production to meet increasing needs in West Africa. Additionally, Parliamentarians pleaded to involve the scientific community more in their parliamentary work and stressed that Climate Change is a global issue warranting effective international cooperation a process that parliamentarians should be leading.

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### **AWEPA celebrates 25<sup>th</sup> anniversary**



AWEPA celebrates its twenty-fifth anniversary with a major conference on the theme "Promoting Parliamentary Democracy in Africa" in Capetown, South Africa, 2-3 October 2009.

The anniversary year includes a major conference in Cape Town in October involving members of AWEPA's Eminent Advisory Board including Archbishop Emeritus Desmond Tutu, Dr Graça Machel and Dr Mary Robinson. There will be a strong representation from African and European parliamentarians. Other parliamentary associations, including PNoWB, will be represented as well.

"I am looking forward to this event with great interest," said Dr. Jan Nico Scholten, President of AWEPA. "AWEPA started as an ally of the liberation movement against apartheid and

for justice and human dignity in South Africa. South Africa is free now but there is still a lot to do in promoting human dignity all over Africa. I'm sure the dialogue in Cape Town will give us refreshed inspiration." Key areas of activity in AWEPA's anniversary Frenchry year includes addressing the responsibilities of parliament to ensure good governance in relation to climate change, private sector, health and ODA accountability.

"AWEPA is organising various activities to promote African-European partnership in democracy together with African Parliamentary Partners and the AWEPA Sections in Parliaments throughout Europe. The highlight of this will be during the high level climate change conference to be held in Copenhagen at the end of the year. As South Africa is the birth place of AWEPA in Africa, so is Denmark in Europe. Therefore also an ideal moment to celebrate," added Mr. Pär Granstedt, AWEPA's Secretary General.

To know more about the European Parliamentarians for Africa: [www.awepa.org](http://www.awepa.org).



## **A New Way Forward in the Democratic Republic of the Congo**

By Paul Dewar, MP, Canada  
Chair of the All-Party Parliamentary Group  
for the Prevention of Genocide  
and Other Crimes Against Humanity

This past April, I had the unique opportunity to visit the Democratic Republic of the Congo (DRC). As one of twelve PNoWB members on the delegation, I met with local officials and civil society while visiting and assessing the implementation of various World Bank-sponsored projects. The program led the delegation around Kinshasa and the surrounding area. We visited projects, such as health clinics, market places and the Inga dam.

As I toured around the region, three things were clear: first, that the DRC is exquisitely beautiful and overwhelmingly resource-rich; second, that this tragic, tumultuous and impoverished country is suffering from a colonial hangover and contemporary geopolitical agendas; and third, that middle-power countries, such as Canada, are perfectly positioned to help.

Abundant in minerals and fertile land, the DRC is endowed with vast potential wealth. This country is one of the most resource-rich countries in Africa but remains one of the poorest and most insecure places in the world. Environmental degradation and unsustainable practices are rampant throughout the country side. In the eastern provinces of Ituri, North Kivu and South Kivu, various armed groups and militias use the profits from the illegal resource industries to finance their ongoing rebellions.

For instance, among other resources, the illegal extraction and trade of coltan is allegedly a fundamental source of income for these belligerents. Most estimates state that

64% of the world's coltan comes from these eastern provinces. Coltan – a metallic ore comprising columbium (also known as niobium) and tantalum – is found in all of our mobile phones, Blackberrys, PlayStations and other electronic devices. Furthermore, the militias profiting from the illicit trade are also accused of using widespread and systematic sexual violence against Congolese women and children.

Time after time, the United Nations (UN) has pleaded for middle-power countries to provide financial and military support to the UN peacekeeping mission, MONUC. Yet their calls are not heard as we turn our backs to the Congo. I know that my country stood idly by as Rwanda invaded the DRC to arrest Gen. Laurent Nkunda in January 2009. This is also a prime example of how a colonial hangover and geopolitical agendas are contributing to regional instability and economic catastrophe.

As a participant on the field visit to the Congo, I learned that western countries must avoid colonial ways and begin to treat the DRC as an equal business partner. While the government of the DRC has a responsibility to monitor the mining companies in its jurisdiction, western countries with companies doing business in the DRC have an equal responsibility to insist on strict adherence to the principles of Corporate Social Responsibility (CSR). Canadian mining companies, for instance, have \$865 million dollars in mining assets in the Congo. If western countries could enforce CSR practices, we could ensure that there is no blood on our hands and that we are not

contributing to any sort of neocolonial swindling.

Despite the abundance of natural resources, foreign aid and a 'democratic' government, the economy of the DRC has virtually collapsed. The per capita GDP has plummeted from \$224 in 1990 to \$136 in 2006. In 2008, the DRC was ranked 177 out of 179 on UNDP's Human Development Index. The delegation's visit to the port city of Matadi just began to illustrate this extreme poverty.

Nevertheless, the field visit ultimately demonstrated that, while the Congolese government has a major role to play. Middle-power countries are perfectly positioned to help strengthen government institutions and support small-scale development projects. These initiatives must be approached from both a post-conflict reconciliation and conflict prevention stance.

Most importantly, micro-level projects that the delegation visited, such as a health clinic, a market and a school for women, are small steps in the right direction. These projects are improving the quality of life for those they reach, but need more resources.

Overall, this field visit to the DRC has shown that middle-power countries can and must:

-Contribute to the UN peacekeeping mission with financial and military resources.

-Take action against sexual violence and help with the implementation of UN resolutions 1325 and 1820.

-Monitor the operations of their mining companies in the Congo and adopt CSR methods that ensure protection of human rights and the environment.

-Change patent acts and food and drugs acts to make it easier to manufacture and export drugs to help fight HIV/AIDs and TB.

-Help protect the Congolese rain forest through the Convention on Biological Diversity.

If middle-power countries can help in these ways, we can contribute to helping end the long suffering of the Congolese. My country in particular, Canada, should be a leader in these initiatives. We were once a leader on the international stage for peacekeeping and international development, and the time is now right for us to be at the forefront of responsible economic development and conflict resolution – and who could argue against that?

*Information on the All-Party Parliamentary Group for the Prevention of Genocide and Other Crimes Against Humanity is available at [www.preventiongenocide.org](http://www.preventiongenocide.org).*

*Preventing Genocide in our time has become the ultimate international community test. Since the phrase "Never Again" was first uttered in response to the terrible events of the Holocaust, responding to the tragedies in Cambodia in the 1970s, Rwanda in 1994, and, a year later, the Srebrenica massacre in Bosnia, the world shamefully found itself repeating them again and again. This critical work continues, especially in the face of relentless mass killing in regions like Darfur. There are lessons to be learned from past failures, and the next challenge is to ensure that they are remembered, disseminated, and applied. In this way, the world can honour the memory of those we failed to protect.*



## **Rigorous Evaluation – the key to successful development programs**

By Vinod Thomas,  
Director-General and Senior Vice-President,  
Independent Evaluation Group,  
The World Bank Group

To help the poor you need a soft heart and a hard head. If the past fifty years of development aid has proved one thing, it is that generosity is necessary but not sufficient. Only rigorous evaluation will reveal which poverty reduction efforts are working and should be emulated and which should be jettisoned.

The Independent Evaluation Group shines light on the World Bank's effectiveness. In its 30-year history it has highlighted successes and failures, strengths and weaknesses of the Banks' projects and programs. The goal is to ensure that the World Bank Group becomes an ever more powerful force in combating poverty, ill-health and illiteracy. Nor is the World Bank Group the only beneficiary. The reports from the IEG are read by other development agencies and spread the lessons learned worldwide. They are meant to be a global public good.

The failure of a project is invariably disappointing and occasionally embarrassing. It is also an opportunity. A candid recognition that a technique has not worked can save precious public funds and ensure that they are put to work in ways that will really enhance the lives of people.

The history of development shows that it has been surprisingly difficult to predict which techniques will work best to reduce poverty. Thorough research has uncovered many counter-intuitive results. Mosquito nets may be more widely used if they are sold rather than given away. Efforts to increase access to schools are important, but they don't produce development benefits unless there is also an emphasis on learning outcomes. Investing in toilets for girls can lead to a huge increase in

school attendance. Since poverty stems from a complex web of political, social, institutional and technological problems, rigorous evaluation is the only way to ensure that a technique is working.

The IEG has also provided the World Bank Group with broader strategic advice. IEG reports highlighted the need for more World Bank lending to boost agricultural productivity ahead of the surge in food prices in 2008. The IEG has also argued that the World Bank Group's influential "Doing Business Report" fails to capture the benefits of regulation and should be clear about this serious limitation.

With the economic downturn adding to budget pressures, the public deserves evidence that their money is being put to the very best use. For many years the fight against poverty has been focused on the money spent and not on the results achieved. No business would boast about how much money it has spent and neither should an aid organization. Instead it should pride itself on getting the biggest bang for the buck. In troubled times it is all the more necessary to provide evidence that aid works.

Evaluation has never been more important. Foreign aid is coming under increasing criticism. High profile authors and academics are arguing that foreign assistance is often counterproductive. It is more important than ever that poverty fighters arm themselves with strong evidence that development finance is effective. More importantly still, poverty is surging as the global economy falters. The World Bank Group and other development agencies need to make sure that money is not wasted as they attempt to combat this trend.



## **Reforms in International Financial Architecture – Views from the IMF**

By Ranjit Teja,  
Deputy Director, strategy, policy and review department,  
International Monetary Fund

On May 5, Ranjit Teja, Deputy Director of the Strategy, Policy and Review Department of the IMF, met with delegations from the Parliamentary Network on the World Bank and the NATO Parliamentary Assembly. He provided an overview of reforms needed in the international financial architecture, against the backdrop of the crisis. Key points:

### ***The most severe global crisis since the Great Depression***

The current crisis is the worst since the 1930s. Even if it originated in advanced countries, the impact is global. In contrast with past crises, emerging market and developing countries cannot rely on the advanced ones to take their exports and pull them out of their slump. The chart above paints a decidedly frosty picture of advanced country import demand.

Hence, coordinated fiscal stimulus and monetary policy easing, wherever scope allows, is crucial to avoiding an economic free fall. The G-20 has come together on this issue, providing much needed fiscal and monetary stimulus, as depicted in the adjacent chart. The IMF expects a need for continued stimulus through 2010. Of course, to be effective, fiscal policy must also be credible—which underlines the importance of medium term exit strategies to ensure sustainability.

### ***Flaws in international financial architecture***

The crisis has exposed flaws in the surveillance of systemic risk (fragmented analysis, a failure to connect the dots, weak warnings), international policy coordination (beggar-thy neighbor guarantees), and mechanisms for liquidity support (ad hoc facilities). The IMF is

working hard to address these flaws, and to overcome its own shortcomings.

### ***Reforms and the role of the Fund***

The absence of pointed warnings—specific enough to be actionable—is a problem that must be addressed. The Fund’s recent work to strengthen its surveillance has emphasized the analysis of financial risks and real-financial linkages, including via an early warning exercise conducted jointly with the newly-expanded Financial Stability Board (FSB).

But even with pointed warnings and analysis—for example, the debate over the risks from global imbalances during 2004-07—it is not easy to elicit coordinated action. One option that has attracted attention is that of activating a ministerial-level IMF Council, as recommended by several experts, including the Trevor Manuel Committee. The Council would provide a high profile forum to ministers and governors for focused interactive deliberations and decisions, enhancing the traction of surveillance and early warnings. Whether a Council or some alternative mechanism emerges remains to be seen, but the issue of high level engagement and coordination is obviously an important one.

But broad coordination and engagement on global issues also requires a degree of legitimacy that has been eroded by the failure of quotas to keep up with changing economic weights in the world. The IMFC’s call for prompt ratification of Spring 2008 Q&V reforms and an accelerated time frame for further rebalancing of quotas could provide useful momentum in this regard.

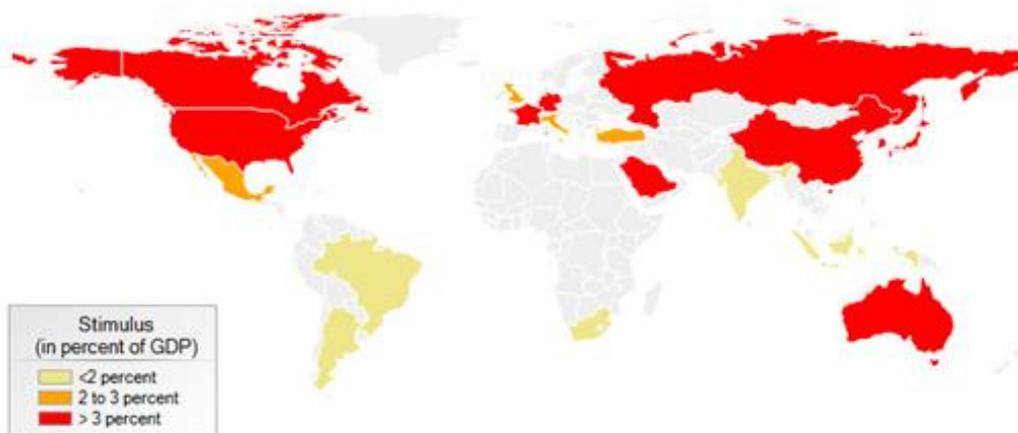
Last but not least, important reforms are needed to strengthen the global financial safety net provided by the Fund . IMF resources have not kept up with the size of the global economy, and the Fund has lacked an adequate crisis prevention instrument. Following support from G20 leaders, the Fund’s membership is working hard to triple its financial resources. At the same time, the Fund has made significant progress in

reforming its lending framework, focusing conditionality on core areas, raising access to its resources, and directly tackling the issue of stigma associated with recourse to the Fund. On the latter, the newly –introduced Flexible Credit Line (FCL), which imposes no conditionality on strongly performing countries, has been taken by three countries (Mexico, Poland, and Colombia) to very positive market reaction.

### Import Demand from Advanced Countries and China – 2009



### G20 Fiscal Response





## **The Crisis in Emerging Europe**

by Bas B. Bakker,  
Advisor, European Department,  
International Monetary Fund

Eastern Europe is currently in a recession. How did it get there, what are the current prospects, and how is the IMF helping the region?

### **Background: The boom of 2003-2007**

1. **During the global boom of 2003-7, Emerging Europe grew very rapidly.** GDP growth in Central and Eastern Europe averaged 6 percent—far above GDP growth in the euro area.

2. **Rapid growth was partly the result of global factors.** Strong global GDP growth boosted demand for Emerging Europe's exports. Emerging Europe was well-positioned to benefit from the global boom as large part of its exports consisted either of manufactures (central Europe), or energy and other commodities (Russia and Ukraine). Growth was further strengthened by large capital inflows, which boosted domestic demand. A large component of these capital inflows came from Western banks. With low yields in advanced countries, Western banks expanded very aggressively in Emerging Europe.

3. **Public policies also helped.** Economies were liberalized, and integrated with Western Europe, and institutional frameworks were upgraded as part of EU accession. In most countries, fiscal deficits were reduced, and public debt ratios declined. There were a few important exceptions: in Hungary, the public debt was very high, and in Romania, the fiscal deficit widened to 5 percent of GDP in 2008.

4. **While public sector policies improved, considerable private sector vulnerabilities were built up during the boom years.** The credit to GDP ratio increased sharply. The credit booms were associated with asset price and construction booms. Much of the lending was in foreign currency, leading to a sharp increase in foreign currency exposure. Foreign currency exposure was not only an issue in countries that had their exchange rate fixed to the euro; in Poland and Hungary, a large part of mortgages was denominated in Swiss francs. At the same time, current account deficits increased significantly, and in many countries widened to unprecedented levels. Double digits current account deficits became common in both the Baltics and South Eastern Europe. Latvia and Bulgaria were the most extreme, with current account deficits peaking at around 25 percent of GDP.

### **The impact of the global crisis and the near-term outlook**

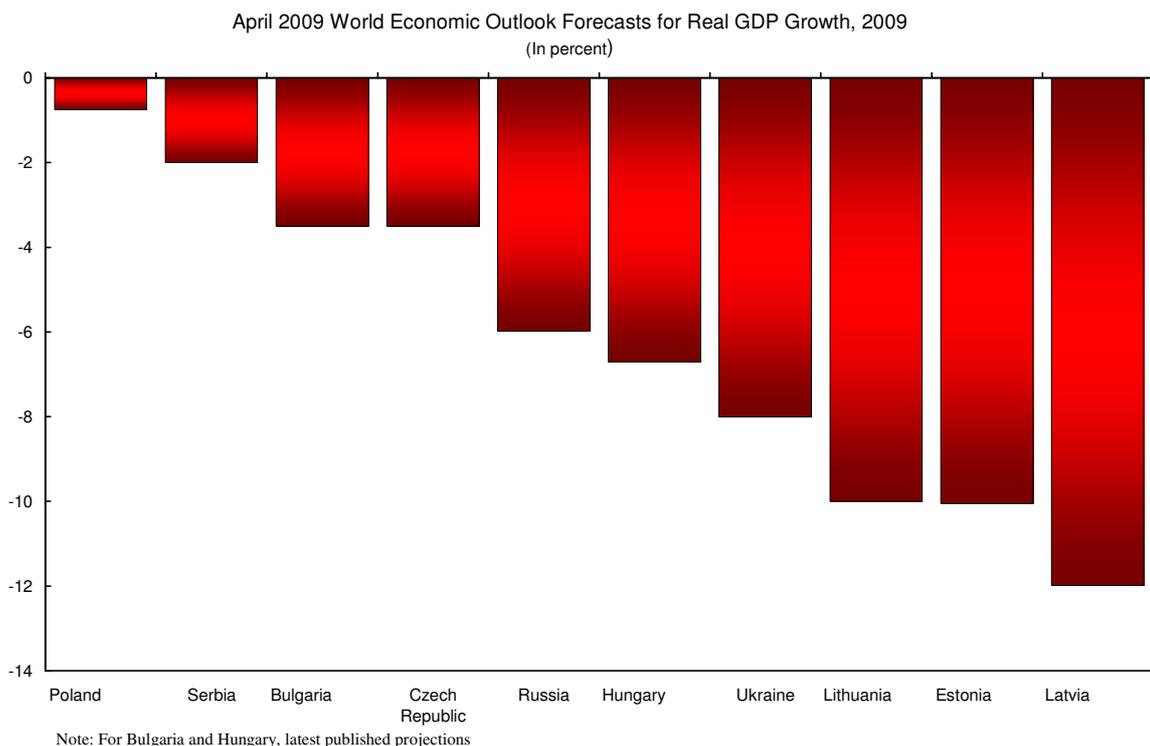
5. **These vulnerabilities came to the fore when 2008, when the global economic and financial crisis intensified.** The global crisis has affected Emerging Europe through two channels. Domestic demand has been hurt by a decline in capital inflows. Western European banks, which in previous years had transferred sizeable amounts of capital to their local subsidiaries, have curtailed these transfers, as they need to rebuild their own capital positions. As a result, credit growth in Eastern Europe has ground to a halt, which negatively affects domestic demand. Exports have been

hurt by the recession in Emerging Europe’s trading partners. The world economy is contracting in 2009—the first time in at least sixty years

6. **With a decline of both domestic demand and exports, Eastern Europe is now in a recession.** There is a significant cross-country differentiation in the depth of the recession. In Latvia , which previously had the strongest boom, GDP in the first quarter was 18 percent *lower* than a year earlier; in Poland, GDP was 1.8 percent *higher*.

### The role of the IMF

7. **In many countries, the IMF is helping to mitigate the impact of the global crisis by providing external financing.** This financing helps to smooth the adjustment and provides liquidity buffers that can help prevent a crisis. Since the fall of 2008, the IMF has reached agreements on Stand-By Arrangements with Ukraine, Hungary, Latvia, Belarus, Serbia, and Romania. Many of these arrangements have been supported by loans from other institutions—in particular the EU, World Bank, and EBRD.





## IFC and the global financial and economic crises

By Kenroy Dowers,  
Global Product Manager – Retail CGFRF



The crisis that started with the collapse of the U.S. sub-prime mortgage market became a broader financial crisis as global credit markets froze, and became an economic crisis as liquidity dried up. Global trade flows faltered and even sound businesses struggle to secure financing. Problems that started in the U.S. and Europe have spread to developing markets, threatening to set back decades of progress in tackling poverty.

IFC, the largest multilateral financial institution investing in the private sector in emerging markets, has launched a broad and targeted set of initiatives to help private enterprises cope with the global financial and economic crises. Financing for these initiatives is expected to total more than \$40 billion over the next three years, combining IFC funds with contributions mobilized from various sources, including governments and other international financial institutions.

Mobilizing funds from governments and other sources is critical to our efforts. IFC has established a separate wholly owned subsidiary, IFC Asset Management Company, to serve as fund manager of third-party capital mobilized under various IFC initiatives. Launched in 2009, this approach lets us make more investments—pooling resources from other investors—than we could on our own.

IFC's crisis response aims to help restore liquidity, rebuild financial infrastructure, manage troubled assets, and alleviate specific regional difficulties. Our initiatives complement the work of governments and international bodies such, and involve close cooperation with other members of the World

Bank Group and other development finance institutions.

Reduced liquidity is widening the impact of the financial crisis on the global economy. The scope of our efforts in this area is broad. We aim to ease financing and liquidity constraints on trade, the lifeblood of the global economy. The Global Trade Liquidity Program raises funds from international finance and development institutions, governments, and banks and works through global and regional banks to extend trade finance to importers and exporters in developing countries. With targeted initial commitments of \$5 billion from public sector sources, it should be able to support up to \$50 billion of trade.

The \$500 million Microfinance Enhancement Facility, launched with German development bank, KfW, ensures the availability of credit for micro enterprises which are essential for reducing poverty and creating jobs. The facility has already approved or disbursed financing for 39 microfinance institutions.

Through the \$2 billion Infrastructure Crisis Facility, we aim to support viable infrastructure projects that can pave the way for strong economic growth once the crisis is over.

Strengthening financial infrastructure and recapitalizing the banking sector in developing countries is also an important priority for IFC. Through the \$3 billion IFC Capitalization Fund which was launched with the Japanese Bank for International Cooperation, IFC is investing in systemic financial institutions in emerging markets. The fund's first investment in March was in Paraguay's Banco Continental.

IFC is also providing advisory services designed to strengthen financial infrastructure and provide policy guidance.

As the crisis deepens and banks face rising rates of non-performing loans, IFC will develop solutions to the problem of troubled assets. We also will develop initiatives for particular regions as the need arises.

The private sector is critical to development and employment in emerging markets, and will be essential for economic recovery and growth. Initiatives such as these are providing vital support to private sector businesses and projects in emerging markets during the crisis and helping them position for the eventual recovery.



### **The Hidden Food Crisis**

By Juergen Voegelé,  
Director, Agriculture and Rural Development,  
The World Bank Group

There is still massive food insecurity among the world's poor. While news of the food crisis has slipped from the world's headlines, the FAO tells us that 1.02 billion people are still chronically malnourished. In Sub-Saharan Africa one in three people do not have enough to eat. In poor countries, a high percentage of people in abject poverty combined with higher volatility in food prices continue to pose especially tough challenges for food security---and food price volatility appears to be increasing.

Yet, we know this is only part of the story. Recent food, economic and food crises have made us more aware of the link between security and development. Fragile states have poverty rates averaging 54 percent, compared to 22 percent in low income countries, and they lag behind in meeting all of the Millennium Development Goals. We also know that when states break down or are overcome by conflict, the regional impact is great:

refugees, warring groups, transnational criminal networks that traffic in drugs, arms and people, and the rapid spread of contagious diseases. Responding to the global emergencies triggered by these phenomena requires a two-prong approach: Rapid Short-Term Action and Long-Term Sustainable Development Planning.

In the short-term, the World Bank has implemented fast-track facilities for emergency response, such as the Global Food Crisis Response Program (GFRP). In April 2009, the ceiling on the \$1.2 billion dollar GFRP, established a year ago, was raised to \$2 billion. Over 80% of approved funds have been disbursed, and programs are ongoing in more than 30 countries. But, increased assistance by way of short-term budget support, social protection, agricultural supply response, helping client countries better manage national food policies, including taxes and tariffs, and using innovative insurance products to help clients transfer risk of weather and

grain price shocks (as done in Malawi and Mongolia) is needed to continue to reach populations affected by the ongoing volatility.

In addition to reducing risk and vulnerability, in the long-term, the forthcoming World Bank's Agriculture Action Plan outlines our sustainable development vision: raising agricultural productivity, linking farmers to markets and strengthening value addition, facilitating rural non-farm income, and where necessary, exit from agriculture, and enhancing environmental services and sustainability. This environmental focus is incredibly important. In a time when projected population and socio-economic growth will lead to doubling food demand by 2050, we must be sure that agriculture is a good steward of the environment--and on no issue is this clearer than climate change.

At present, our greatest long-term food and human security challenge is climate change. To effectively address climate change, we must have a post-Kyoto agreement that includes agriculture.

Current global warming projections tell us that we must redouble efforts to reduce greenhouse gas (GHG) emissions. We know that land use, including forestry, is responsible for almost 30 percent of human-made greenhouse gas (GHG) emissions. And we know improving land use practice is also a major part of the solution. Changed practices could cut agricultural GHG emissions by up to 70 percent, and there is a groundswell of support for including a wider spectrum of agricultural landscape options within the UN Framework Convention on Climate Change (UNFCCC) agreements.

Some countries have recognized this and are already working a climate focus into their agricultural policies. For example, the EU's Common Agricultural Policy recognizes agriculture's potential to be a part of the solution to climate change.

The policy allows direct and climate positive investments, such as preventing forest fires, biogas production using organic waste, and training for farmers on how to reduce GHGs and adapt to climate change.

If we capture this moment—and get it right from the start--we can improve the productivity and resilience of agricultural landscapes and increase food security at the same time that we reduce greenhouse gas emissions.

But, it will require the dedication and innovation of all in the development community to spread the message of agriculture's critical contribution to poverty reduction, economic growth, and environmental sustainability---including agriculture's critical role in combating climate change—in both the short and long terms.

We applaud the work of the Parliamentary Network on the World Bank in building the understanding of investment in agriculture across the network and promoting agriculture chapters, and we would be pleased to facilitate increased collaboration from both the Parliamentary Network and the NATO Parliamentary Assembly on timely agricultural issues from all sectors.

The hidden food crisis remains, and we must stand ready to respond.



## AFD positions itself among top donors in combating climate change

By Denis Loyer,  
Deputy Director for Operations,  
French Development Agency

The AFD group has continuously increased its climate change commitments over the past four years both in terms of the number of projects and the total amount invested. In 2008, AFD funded 34 emissions reduction projects for a total of €1.1 billion. This represents a 63% increase over 2007 for investments committed to combating climate change.

AFD's financing covers a broad spectrum of sectors (renewable energies and energy efficiency, carbon sequestration, sustainable forest management, and conservation agriculture), regions (Africa, Asia, Brazil, and the Mediterranean Basin), and countries (emerging, middle-income, and least developed economies). AFD is strongly developing its financing of innovative projects such as climate credit lines for the private sector and budget support for national programs to combat climate change.

AFD has also developed a method allowing it to identify and monitor climate projects from the start of the evaluation process. In 2006, it acquired a tool for measuring the greenhouse gas emissions of the projects it finances, namely, the *Bilan Carbone* (Carbon Footprint) adapted and fine-tuned by Jean-Marc Jancovici ([www.manicore.com](http://www.manicore.com)) on the basis of the *Bilan Carbone* created by ADEME (French Environment and Energy Management Agency). This tool helped calculate that the projects financed in 2008 will help reduce CO2 emissions by 3.3 million tons annually over the next 20 years. This user-friendly tool created for project managers is being adopted and

improved by several bilateral and multilateral donors in order to help evaluate the net emissions generated by their financing. The *Bilan Carbone* tool is available for free from the AFD website:

[http://www.afd.fr/jahia/Jahia/home/DemarcheRSE\\_AFD/Bilan\\_Carbone](http://www.afd.fr/jahia/Jahia/home/DemarcheRSE_AFD/Bilan_Carbone)

AFD is developing its partnerships with other bilateral donors who are the current driving forces in financing official climate-related development aid at the global level. Thus, at the Poznan climate conference in December 2008, JICA (Japan), KFW (Germany), and AFD (France) jointly presented their common approach to climate change financing, whose current volume (€5.2 billion/year) represents 20% of financing worldwide. This level of commitment and the many projects financed show that it is possible to reconcile development with the fight against climate change.

AFD is also investing in building institutional solutions for combating climate change. For example, over the past few years, AFD has made a priority of participating very actively in the FCPF (Forest Carbon Partnership Facility) as this constitutes a blueprint for an original and balanced mode of governance that could become a model for climate negotiations.

AFD's activities show that bilateral donors can be effective partners for countries in implementing financing to combat climate change alongside multilateral donors from UN bodies such as the Global Environment Facility (GEF) and the private sector.



### **About Francophonie...**

By Marie-Rose Nguini-Effa, MP, Cameroun,  
Vice-Chair of the Parliamentary Network on the World Bank

The XXXV Session of the Francophonie Parliamentary Assembly (APF) was held in Paris from 1 to 6 July 2009 under the chairmanship of Mr. Guy Nzouba-Ndama, President of the Francophonie Parliamentary Assembly, on the invitation of Mr. Bernard Accoyer, Speaker of the French National Assembly and Chair of the French Chapter of the APF.

More than 300 Members of Parliament and 15 Speakers attended the annual meeting of the Francophonie Consultative Assembly. Among them, Honorable Cavaye Yegue Djibril, Speaker of the National Assembly of Cameroun, was participating to this meeting for the first time, while a hundred of young men and women aged 18 to 23 joined the Francophone Youth Parliament.

Several issues were discussed in plenary sessions. The key topics were the financial crisis, the fight against poverty and development. The XXXIV Session was the opportunity to discuss food crisis and life expensiveness. The Network of APF Women debated specific issues, including political situations in the Francophone area, the situation of the French language, the situation

of women refugees (by Marie-Rose Nguini-Effa, Cameroun), children rights (by Genevieve Colot, France), human trafficking (by Francine Charbonneau, Québec), and CEDEF follow-up. Numerous declarations and resolutions were adopted and the membership of the DRC was accepted.

The new President of the APF is Mr. Yvon Vallieres, Speaker of the Québec National Assembly, with a two-year mandate.

The XXXV Session of the APF closed after Secretary General Abdou Diouf condemned the anti-democratic behavior of the President of Niger and other political leaders who follow the same line.

Our sincere thanks go to Mr. Bernard Accoyer, Chair of the French Chapter of the APF, Ms. Henriette Martinez, Executive Chair, Michèle André, Chair of the delegation for women rights and equal opportunities between men and women, and Mr. Jacques Legendre, Secretary General of the Francophonie Parliamentary Assembly, for the perfect planning and organization of this successful session.

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### **The International Parliamentarians' Conference – G8 – Rome 2009**

By Marie-Rose Nguini-Effa, MP, Cameroun,  
Vice-Chair of the Parliamentary Network on the World Bank

The fifth edition of the International Parliamentarians' Conference, organized by the Forum of European Parliamentarians, was held in Rome, Italy, from 22 to 23 June 2009, following previous conferences in the United

Kingdom in 2005, Russia in 2006, Germany in 2007 and Japan in 2008. These parliamentary meetings are organized prior to G8 summits and they provide G8 political leadership with

the outcome of discussions on the world population's wellness.

Parliamentarians, CSO representatives, international organizations and NGOs (113 participants) coming from Africa, Asia, America and Europe discussed Strategic Investments in Times of Crisis – The Rewards of Making Women's Health a Priority. Panelists invited G8 leaders to support women's wellness, especially by respecting their commitments to points 4 and 5 of the Millennium Development Goals (MDG): reduce child mortality and improve maternal health.

Statistics worldwide show that one woman dies each minute following difficulties during her pregnancy or the childbirth. As Woman is the mother of humankind, each time a woman dies, familial and social group are progressively deteriorating. Moreover, this situation increases the poverty and suffering cycle. This statement is particularly valid for low-income countries (99%), due to the discrimination women usually suffer from and their exclusion from health systems.

In these times of worldwide crisis, the most important fear is to see the situation worsening in a context of reduction of public expenditures.

This conference was the opportunity for all participants (parliamentarians, NGOs, international organizations, civil society,...) to create a platform for global exchanges and promote actions that will make women's health a priority for G8 political leadership. Concretely, G8 members were provided with means to generate financial resources to increase life conditions for women. In addition, a declaration was adopted to exhort G8 leaders and other donors to invest in maternal and newborn health with focused resolutions.

In a separate development, all stakeholders insisted on the vital role of parliamentarians, especially in terms of awareness and follow-up of recommendations elaborated by G8 members and other donors. This is the reason why they were requested to influence their governments for the adoption of specific resolutions in the G8 summit in L'Aquila from 8 to 10 July 2009.

The conference ended with a parliamentary appeal, which underlined the unique opportunity G8 had to give political leadership to the global effort to deliver on their commitments on global health with a special focus on maternal and infant health.





# 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 – Infrast/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



## World Bank Corner

**Update on World Bank Programmes and facilities to combat the global economic and financial crisis**

### **Follow the 2009 Annual Meetings Blog at the WB Meetings Center**

Available in English and Spanish. The Meeting Center provides links and inside access to the information, ideas, and issues being discussed at various events such as the IMF and World Bank spring and annual meetings. <http://blogs.worldbank.org/meetings/>

El blog ofrece acceso a información de primera mano sobre los temas que son discutidos en diversos eventos organizados por el Grupo del Banco Mundial como las Reuniones de Primavera del Banco Mundial y el Fondo Monetario Internacional. <http://blogs.worldbank.org/meetings/es>

### **Latin America after the crisis**

In the lead-up to the World Bank-IMF Annual Meetings, the Latin America and Caribbean Region VPU of the World Bank is co-hosting and attending the Americas Conference. The Americas Conference brings together experts and decision-makers from across the region to discuss global issues. This year's forum theme is: "After the crisis: Emerging challenges and political stability."

Expertos del Banco Mundial se sumarán a cientos de líderes gubernamentales y empresariales de América Latina y el Caribe durante la Cumbre de las Américas en Miami, para discutir los desafíos y oportunidades que se presentan en el clima de post crisis financiera.

### **Renewable Energy & Energy Efficiency Financing by World Bank Group Hits All Time High**

\$3.3 billion in projects and programs financed in last fiscal year – a 24% annual increase. The World Bank Group announced on September 10 that its financing of renewable energy and energy efficiency projects and programs in developing countries rose 24% in the last fiscal year to reach \$3.3 billion, the highest ever. Total renewable energy and energy efficiency commitments for the year ended June 30, 2009 accounted for more than 40% of total Bank Group energy lending

The Bank Group also said it far surpassed commitments made at the Bonn International Renewable Energies Conference in 2004 to increase support for new renewable energy and energy efficiency by nearly \$1.9 billion over the period 2005-2009 included. In fact, new Bank Group financing for renewable energy and energy efficiency during that period amounted to more than \$7.0 billion, more than three-and-a-half times the target.

For more information on the World Bank Group's commitment to renewable energy and energy efficiency, visit: <http://www.worldbank.org/energy>

### **Climate Smart' World Within Reach, says World Bank**

Developing countries can shift to lower-carbon paths while promoting development and reducing poverty, but this depends on

financial and technical assistance from high-income countries, says a new World Bank report released on September 15. High-income countries also need to act quickly to reduce their carbon footprints and boost development of alternative energy sources to help tackle the problem of climate change.

World Development Report 2010: Development and Climate Change, released in advance of the December meetings on climate change in Copenhagen, says that advanced countries, which produced most of the greenhouse gas emissions of the past, must act to shape our climate future. If developed countries act now, a 'climate-smart' world is feasible, and the costs for getting there will be high but still manageable. A key way to do this is by ramping up funding for mitigation in developing countries, where most future growth in emissions will occur.

"The countries of the world must act now, act together and act differently on climate change," said World Bank President Robert B. Zoellick. "Developing countries are disproportionately affected by climate change – a crisis that is not of their making and for which they are the least prepared. For that reason, an equitable deal in Copenhagen is vitally important."

The full report is available at:  
<http://www.worldbank.org/wdr2010>

### **A Palestinian State in Two Years: Institutions for Economic Revival**

On August 25, 2009, the Palestinian Authority (PA) presented a program entitled "Palestine: Ending the Occupation, Establishing the State" (hereafter referred to as Program), which envisions the establishment of an independent state within two years. The following report analyzes some of the economic and development conditions necessary for achievement of this goal

The Program accords high priority to institution-building. Substantial efforts are still required to remedy institutional weaknesses in two crucial sectors – the judiciary, where the institutional setup lacks a clear legal structure and mutually accepted competencies, and land management, where there are significant strategic and operational bottlenecks to expanded and expedited land registration. In addition, reform of the public finance management system is not yet complete. However, PA institution-building performance is generally satisfactory and it has demonstrated competence in the provision of basic services. Therefore, provided Gaza and the West Bank are reintegrated, the PA is well positioned to establish the institutional basis for Palestinian statehood in the near future.

Achievement of another central goal of the Program -- "economic independence and national prosperity" -- requires more than well-functioning institutions, however. The Israeli closure regime, significantly tightened since the outbreak of the Second Intifada in 2000, has stymied Palestinian private sector growth. This growth is a key condition for the sustainable economic development required for fiscal independence.

### **The World Bank approved 'fast-track' status for US \$500 million dollars to help countries finance emergency operations to prevent and control outbreaks of Influenza A (H1N1).**

The money will top up an existing US \$500 million credit line— the Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI)—set up in January 2006 to minimize the threat posed to people by the highly pathogenic avian influenza virus H5N1, especially in the poorest countries. Fifty-seven countries used the GPAI to finance avian influenza control and human

pandemic preparedness operations with a total commitment value of US \$421 million.

The Bank's decision on 2 June will expand the GPAI to allow the Bank to 'fast-track' emergency H1N1 financing to low, and middle-income countries to buy drugs, medical equipment and supplies, to pay for hospital care and public information campaigns, to strengthen human and livestock health surveillance, and help to blunt the economic and social costs associated with pandemic flu.

The World Bank recently mobilized more than US \$205 million in 'fast-track' funds to Mexico to help it fight the spread of influenza H1N1 with US \$25 million for drugs and supplies and another US \$180 million for disease surveillance, laboratory testing, and other operational activities.

The Bank will also provide countries with the latest evidence and lessons learned from previous emergency responses such as SARS, avian influenza, and post-disaster reconstruction after the 2004 Asian tsunami, to help them with their pandemic flu

contingency plans, while also working to strengthen their human and animal health systems.

Global coordination is also key to successful containment of H1N1, and the Bank's pandemic flu work build on the extensive global teamwork set up during the avian flu outbreak with FAO, WHO, OIE, EC, bilateral agencies, and other development partners.

### **Stronger health systems essential to fight H1N1**

Strong health systems are vital at all stages in pandemic response, from detection and confirmation of cases to providing care, treatment and advice to those affected. The Bank is working with WHO and other global and regional partners to identify countries which could potentially need H1N1 financing under the pandemic flu global credit line. Low-income countries seeking H1N1 financial help would qualify for the Bank's zero-interest concessional lending, under the International Development Association (IDA).

**What's new?** Ms. Marie-Rose Nguini Effa (Cameroun) and Mr. Alain Destexhe (Belgium) have been appointed Vice-Chairs of the Parliamentary Network on the World Bank. They replace Ms. Monica Frassoni (Italy), who left the European Parliament in Brussels, and Mr. Yunus Carim (South Africa), who has been appointed Deputy Minister for Cooperative Governance and Traditional Affairs.

### **A PNoWB publication...**



Send your articles for Network News n°4 / June issue to [secretariat@pnorb.org](mailto:secretariat@pnorb.org)