

Structural Adjustment Participatory Review International Network



30 November 2000

Citizens' Challenge to Structural Adjustment

Steering Committee

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Mr. James D. Wolfensohn
President
The World Bank
1818 H Street, NW
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Dear Mr. Wolfensohn:

Five years ago, as you were beginning your first term as president of the Bank, a number of civil-society organizations approached you with the proposal that the Bank engage in a participatory review of the local impact of structural adjustment programs. Your ensuing request for the development of a mechanism for carrying out this task was widely appreciated. Subsequent negotiations with your designated staff yielded the guidelines for what became the SAPRI initiative, the purpose of which was to establish the basis for rethinking the Bank's economic-reform operations and democratizing economic policymaking at both the national and global levels.

As we have not been in direct contact with you for some time and as the final results of the various field exercises are now beginning to come in, we would like to report on how well the Initiative has progressed. Although the exercise has taken longer than anticipated, it has stayed true to the guidelines, structure and standards that we established jointly. Our global network, SAPRIN, has attempted, and we believe succeeded, in abiding by all the agreements and commitments it has made with and to the Bank and has maintained a level of professionalism commensurate with the seriousness of the issue before us.

Perhaps most striking has been the high degree of civil-society mobilization and inclusiveness in the country processes. This was a key objective shared by the Bank and SAPRIN, and its achievement has been acknowledged and highly regarded by Bank management and field staff. In most of the SAPRI countries, effective outreach to a broad array of population groups and social and economic sectors in the vast majority of districts and sub-regions was achieved. Local civil-society organizations representing workers, farmers, small businesses, women, poor communities, indigenous peoples, environmentalists, and many other interests organized themselves in local steering committees and technical teams and chose priority economic issues for discussion with the Bank and their governments. Hundreds of organizations have been involved in each country.

With their government and Bank counterparts, these groups organized national fora at which they shared their experience with, and analysis of, specific structural adjustment policies. It was SAPRIN's goal to provide you and your institution with the type of consultative mechanism and process that you have been calling for in all Bank

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programming and operations. In the end, the fora did in fact yield a rich and diverse set of information and insights that should be particularly helpful to the Bank in assessing its adjustment operations at both the national and global levels. Summary write-ups of this first set of national fora are in the hands of the Bank's SAPRI Secretariat.

The fora presentations and discussions also helped to develop specific research questions for deeper inquiry into the adjustment-related issues raised by civil society in each country. The joint Bank/SAPRI research component of SAPRI, which was added to the Initiative on the recommendation of the Bank, has served to integrate further the tripartite work of the Bank, SAPRI and government in most of the country exercises. A tremendous amount of effort went into developing the respective research designs and terms of reference within the framework of the global SAPRI methodology, as well as into the selection and orientation of research consultants, necessarily extending the project time line.

Secondary and field research taking a unique participatory and political-economy approach has been carried out in SAPRI countries over the past year. Emerging results have been and will continue to be discussed in second national fora that began in Hungary this past June and will conclude in Bangladesh and Ghana this coming January. Per our SAPRI agreements, these country findings and recommendations will form the basis for national tripartite processes for the consideration of appropriate changes in national economic policy and for the opening of national economic decisionmaking to citizen input.

After the volumes of country findings are synthesized during the first part of the new year, we will be prepared to discuss the future of the Bank's economic-policy lending with you and other senior management at the Bank at the Second Global Forum in Washington, as agreed at our joint steering committee meeting in July 1996.

Like any multi-dimensional initiative of this complexity, SAPRI has not been without its problems and delays, but even those have had their positive effects. When, for example, the Bank was unable to bring the governments of emerging-market countries in Latin America and Asia into the project, SAPRI launched civil-society exercises -- utilizing SAPRI mobilization and research methodologies -- in the Philippines, Mexico and Argentina that are producing critically important information and analysis that can be added to the overall review. At the same time, while the development of a Bank information-disclosure policy for the SAPRI field exercises delayed national opening fora by as much as six months, the end result was an effective mechanism for information sharing.

Subsequently, the design of the respective national research agenda was slowed, perhaps inevitably, by the demands of government/Bank/civil-society tripartite negotiations in each country, but SAPRI also used this period to invest heavily in local capacity building that included the organization of a series of research workshops at the national, regional and global levels. It has also made resources available to local civil-society teams to conduct work on economic-policy alternatives and to enhance outreach and civil-society inclusion through economic-literacy programs. Per its agreement with the Bank, SAPRI has insisted on

democratic and inclusive processes and adherence by the country teams to the high standards established jointly at the global level. This has resulted in the heightened credibility of the emerging national findings.

None of these investments -- nor the extended time line and additional country exercises -- would have been possible without the generosity of a growing number of donors. Through an intensive fundraising program, SAPRIN has been able to enlist the support of the European Union, the UNDP, the Belgian government, and the Rockefeller and African Development Foundations, which have joined the original project funders, namely the governments of Norway, Sweden and the Netherlands and the Charles Stewart Mott Foundation. UNICEF and various NGOs, including Novib, Oxfam and Save the Children, have also contributed to the effort at the country level. In addition, SAPRIN Northern organizations have provided what amounts to close to a US\$1 million subsidy to the Initiative, and countless citizens' groups in SAPRI countries have provided services and input without compensation, reflecting the importance with which the thousands of organizations participating in SAPRI view the issue and the exercise.

The vast majority of SAPRIN funds have financed country activities and regional technical assistance and workshops in accordance with SAPRIN's budgetary agreements with the Bank. In this context, it has recently come to our attention that the Bank may have erroneously allocated a significant amount of its SAPRI funds raised jointly with SAPRIN to items not in the original budget at the expense of field-based activities. If this is indeed the case, we would like to discuss with the Bank's trust fund managers and SAPRI donors as soon as possible the prospect of transferring those resources to the local field exercises so that the participatory research, the second national consultative fora and related activities can be effectively completed.

In any event, by early in the year, the Bank will have in hand a set of highly participatory and intensive country assessments of the impact of structural adjustment policies on various population groups and economic and social sectors in each nation. More specifically, these findings will include the effects of privatization (of public utilities, etc.), trade liberalization, labor-market and financial-sector reform, agricultural-sector policies, investment deregulation (particularly in mining), and public-expenditure policy on the poor, workers, women, small businesses and farms, production, employment, consumers, health care and education, food security, indigenous peoples and the environment.

These reports and the subsequent global synthesis of SAPRI results should prove invaluable to the Bank, both as the basis for the free-standing re-evaluation of Bank economic policymaking that you desired and as an integral part of any Bank retrospective on and/or rethinking of its adjustment lending and operations. It should also be useful in other Bank undertakings, such as the development of Poverty Reduction Strategy Papers in SAPRI countries and the establishment of an appropriate framework for PRSPs in other nations.

Just as important as the information and analysis about adjustment emanating from the SAPRI countries are the civil-society structures and relationships with the Bank and government that the consultations and investigations have helped engender. With thousands of organizations involved, with support structures in place at the regional and global levels, and with the

participatory development of alternative policy proposals now underway, SAPRIN is in a position to work closely with governments, the Bank and other agencies to ensure that the economic programs that receive international financing are more appropriate and relevant than are prevailing adjustment policies to national and regional conditions and priorities.

With the efficacy of adjustment policies now in serious question both within and outside the Bank, a commitment on the part of the Bank, in conjunction with governments, to such a meaningful and consequential policy dialogue with organized civil society will do much to project the Bank's leadership in this critical area. We look forward to working with you to turn the vision embraced by you and citizens' organizations worldwide into concrete measures, actions and structures that maximize the voice of the people in economic policymaking.

Sincerely,

Gemma Adaba
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of Free Trade Unions
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