



Structural Adjustment Participatory Review International Network

17 April 2001

Citizens' Challenge to Structural Adjustment

Steering Committee

- Charles Abugre/Yao Graham ◊
ISODEC ■/Third World Network
Ghana/Africa
- Gemma Adaba/Peter Bakvis ◦
ICFTU/ITS
International
- Walden Bello/Joy Chavez-Malaluan ◊
FOCUS on the Global South
Asia
- Jorge Carpio
IDEMI ■
Argentina
- Ivan Cisneros/Alex Zapatta
IEDECA ■
Ecuador
- Kelly Currah
World Vision
International
- Doug Hellinger ◦
The Development GAP
United States
(Coordinator)
- John Jones ◊
Norwegian Forum for Environment
& Development
- Mahbubul Karim/Md. Shahabuddin
PROSHIKA ■
Bangladesh
- Karoly Lorant
ECOSTAT ■
Hungary
- Muriel Mafico/Godfrey Kanyenze
Poverty Reduction Forum ■/ ZCTU
Zimbabwe
- Kevin Akoyi Makokha
NGO Forum ■
Uganda
- John Mihevc
Inter-Church Coalition on Africa
& Halifax Initiative
Canada
- Lidy Nacpil ◦/Maitet Diokno-Pascal
Freedom from Debt Coalition ■
The Philippines
- Nina Torres
Equipo PUEBLO ■
Mexico
- Roberto Rubio ◊
FUNDE ■
El Salvador
- Aminata Sidibe
CCA-ONG ■
Mali
- Marijke Torfs
Friends of the Earth
U.S./International
- Barbara Unmuessig
EURODAD & WEED
Europe
- Hellen Wangusa
African Women's Economic Policy
Network (AWEPON)
Africa
- TBA
Oxfam International

Mr. James D. Wolfensohn
President
The World Bank
1818 H Street, NW
Washington, DC 20433

Dear Mr. Wolfensohn:

Having written you late last year about how well the SAPRI exercise was progressing through its final stages, we are deeply disturbed by recent statements by Bank staff indicating that the institution is attempting to invalidate and distance itself from the results of the Initiative at both the country and global levels.

Last month, Bank staff in Washington, purporting to speak for you, informed representatives of our global civil-society network, SAPRI, that the institution refuses to accept both the validity of the SAPRI methodology that it helped to define and that of the joint findings that this process has produced. At the same time, many of us engaged in SAPRI at the country level are seriously concerned by the Bank's refusal to take ownership over the results of the highly participatory and cooperative SAPRI national exercises in which it has been fully engaged. Furthermore, and just as troubling, the Bank's SAPRI Secretariat was explicit in informing us that the institution's learning from the Initiative will have no impact on its approach to poverty reduction, in that the adjustment measures that have been consistently identified by civil-society organizations through SAPRI as being problematic in their local impact -- e.g., trade and financial-sector liberalization, privatization and labor-market reform -- will not be a subject of national poverty assessments in which the Bank is involved.

We find these positions totally unacceptable and in direct conflict with previous agreements and understandings reached with you and your staff. In April 1996, the Bank itself proposed that the way forward, with regard to SAPRI, "...must be based on a more collaborative approach to the assessment of adjustment efforts, one that involves NGOs, the World Bank, and other interested parties, and that this collaboration must be *sustained* and *widespread* (Bank emphasis)." In fact, the Bank insisted on joint NGO-Bank teams to ensure the collaborative nature of the in-country reviews, asserting that, "[t]his exercise will attempt to learn from the NGO critics of adjustment, and identify *specific actions*" that can be taken in future Bank programming.

This sense of collaboration, openness and commitment to turning learning into action was deepened by your much appreciated comments in your 9 April 1996 cover letter to the Bank proposal. You wrote at that time: "What I am looking for -- and

- Executive Committee
- ◊ Technical Committee
- Lead Organization

Secretariat c/o The Development GAP
927 Fifteenth Street, NW, Washington, DC 20005 USA
Tel: 202/898-1566 - Fax: 202/898-1612
E-Mail: secretariat@saprin.org - Web: www.saprin.org

inviting your help in -- is a different way of doing business in the future. My objective is to ensure that economic reform programs make maximum contribution to poverty reduction, that we fully appreciate the impact of reform on disparate population groups, that we promote measures which narrow income differentials..." Your acknowledgment that "[p]olicy reform has had a mixed track record" enhanced our confidence that the Bank was in fact open to changes in policy and decisionmaking processes.

You asked for specific suggestions, or a mechanism, for assessing civil-society experience with, and analysis of, structural adjustment policies, and we agreed to move forward on the basis of mutual trust. In June and July 1996, Bank and civil-society representatives met in Washington to convert the two parties' proposals into a joint plan of action. A number of decisions and agreements were made that committed the SAPRIN network to extensive and broad-based mobilization of civil-society organizations in each country, the Bank and SAPRIN to the organization of highly participatory consultative fora and field research, and the Bank to an open and transparent consideration of concrete changes in policy and policymaking based on findings presented at second national and global fora. Subsequently, in 1997, a joint methodological framework for the country field investigations was developed by the Bank and SAPRIN, and Standard Operating Procedures for the field work were adopted.

We are gratified that these agreements, upon which a significant amount of funds was raised from official sources in support of SAPRI, have, in fact, resulted in a multi-year program of citizen mobilization, organized public consultations, and participatory research that has met, and at times exceeded, the standards set. We are concerned, however, that the Bank is attempting to avoid the fulfillment of its obligations in the Initiative by lauding SAPRIN's civil-society organizing while distancing itself from the outcome of this joint process in which it co-designed, co-directed and co-financed the national field investigations. It was, in fact, the Bank that first suggested a research component in the exercise to complement the participatory workshops and consultative fora proposed by civil-society groups. Yet, research results in such countries as Ecuador -- where the Bank's own model was used as a basis for contracting SAPRI researchers and where local Bank staff have publicly praised the methodology as well as the quality and content of the investigation -- are now being dismissed by your institution as invalid.

Given that current attempts to reject the validity and relevancy of the findings from this joint, participatory process violate all our prior agreements, we do not believe that the message we have been receiving from Bank staff could possibly be your position. Failure on the part of the Bank to fulfill its commitment to the original SAPRI agreements would send a clear message to thousands of organizations -- which, upon your word, invested heavily in SAPRI in terms of time, resources and expectations -- that the Bank is not committed to accept the results of participatory processes in which it is engaged with civil society as equal partners. We are therefore writing to ask you, personally and publicly, what the Bank's position is with regard to SAPRI and what concrete steps the Bank is prepared to take related to the Initiative, with the hope that together we can keep the exercise on track to a successful conclusion.

Under the SAPRI agreements, the Second Global Forum in Washington this summer is designed to explore the Initiative's findings and to advance the process with Bank management of translating its learning and recommendations into necessary changes in Bank policymaking.

While there will be differences of opinion at the Forum and while we anticipate a lively discussion on questions related to context and economic trade-offs, we expect that, going into the Forum, there will be basic agreement on the validity of the joint project findings. We believe that this agreement should be put in writing.

Furthermore, and at the very least, we expect to discuss at the Forum the ways in which SAPRI learning will be incorporated in the Bank's new Operational Policy guidelines to staff on adjustment operations. Likewise, and in light of your stated commitment to ensuring that economic-reform programs contribute to poverty reduction, it is essential that we discuss how the Bank will begin incorporating an examination of adjustment-related issues of priority concern to civil-society organizations worldwide into the parameters of such policymaking instruments as Poverty Reduction Strategy Papers so as to ensure the accuracy, comprehensiveness and ultimate effectiveness of such country assessments and plans. Such action is made more imperative by the troublesome fact that the Bank's recent draft paper, "Adjustment Lending Retrospective," fails to draw in any significant way on the learning to date from the SAPRI country exercises.

These circumstances require us to ask you, as an initiator of SAPRI, a number of direct questions:

- Is the Bank willing to accept the results of the joint and participatory SAPRI process that it helped to design, launch and implement, and will it commit to the validity of these findings in a joint statement as a prelude to the Second Global SAPRI Forum?
- What plans does the Bank have to follow up with SAPRI's civil-society network at the national and global levels to apply SAPRI findings and recommendations to macroeconomic policymaking processes, as originally envisaged, and how will this learning be applied more specifically to current adjustment operations?
- How and to what extent will SAPRI and other local-level analysis of adjustment programs be incorporated in the Bank's new Operational Policy on adjustment and in future poverty assessments in the PRSPs?
- Are you and your staff prepared to address at the Global Forum these and other issues related to operationalizing SAPRI learning, as the Bank initially proposed?

Fortunately, resources are available for such follow-up, particularly at the country level. Having not expended all the funds that it was allotted in the original joint SAPRI budget to support national field research, the Bank should now be in a position to make more than US\$100,000 available for jointly determined activities that will enhance the impact of the SAPRI exercise. We look forward to sitting down with your staff to discuss such a reallocation of funds.

In closing, we would like to place SAPRI in broader perspective. The importance of the Initiative and of a meaningful role by civil society in the policymaking process has grown as the exercise has progressed. Financial and economic crises, the intensification of poverty and income inequality, and the extraordinary expansion of civil-society protests against the prevailing policies of economic globalization are but a few of the profound phenomena that have characterized the past few years. In light of these realities and the far-reaching consequences that

structural adjustment has had for millions of people around the world, SAPRI represents, now more than ever, an opportunity to help bridge the growing divide that separates the international financial institutions from much of civil society.

Accordingly, there is significant interest in our community, as well as in official circles and the media, in SAPRI and its emerging results. At the same time, however, there is also growing cynicism about the sincerity of the Bank's commitment to converting the outcome of extensive civil-society consultations and collaborative endeavors into meaningful policy changes. The signals currently coming from Bank staff regarding SAPRI are, unfortunately, all too similar in their implications to the the Bank's apparent refusal to adopt the recent findings and guidelines emanating from the work of the World Commission on Dams. The similarities between the two initiatives are striking in that they have both been marked by in-depth global investigations, a commitment to widespread consultation and participation, broad-based cooperation on the part of civil society, the involvement of the Bank as a full partner in the exercises, and, finally, a distancing of the Bank from the results of the investigations. Hence, we are turning to you to reaffirm the Bank's commitment to such important endeavors that engage the energies and hopes of so many citizens around the globe, and to do so by ensuring the utilization of the outcome of these processes as important input in Bank policymaking.

Members of our Steering Committee will be meeting in Washington at the end of April to discuss the status of the global synthesis of country results now underway and the design of the Global Forum. We also anticipate meeting with the Bank at that time. We look forward to receiving your personal reassurances before the meeting so that we can proceed with the planning of the final phase of SAPRI in accordance with the agreements made with you and your staff while keeping our national civil-society networks informed of the status of the Bank's commitment to the exercise in which they have been so extensively involved.

Sincerely,

Jenina Joy Chavez-Malaluan
FOCUS on the Global South
Asia

Ivan Cisneros
IEDECA
Ecuador

Yao Graham
Third World Network - Africa
Ghana

Douglas Hellinger
The Development GAP
United States

John Jones
Norwegian Forum for
Development

Mahbubul Karim
PROSHIKA
Bangladesh

Karoly Lorant
ECOSTAT
Hungary

Muriel Mafico
Poverty Reduction Forum
Zimbabwe

Kevin Makohka
NGO Forum
Uganda

John Mihevc
Inter-Church Coalition on Africa
& Halifax Initiative
Canada

Lidy Nacpil
Freedom from Debt Coalition
The Philippines

Roberto Rubio
FUNDE
El Salvador

Nina Torres
Equipo PUEBLO
Mexico

Barbara Unmuessig
EURODAD & WEED
Europe

Hellen Wangusa
AWEPON
Africa

on behalf of the SAPRIN Global Steering Committee

cc: Ms. Sigrun Møgedal, Royal Ministry of Foreign Affairs, Norway
Mr. Robert Hovde, Advisor to the World Bank Executive Director, Norway
Mr. Pelle Enarsson, Ministry of Foreign Affairs, Sweden
Ms. Anna M. Brandt, Alternate World Bank Executive Director, Sweden
Ms. Eveline Herfkens, Ministry of Foreign Affairs, The Netherlands
Mr. Pieter Stek, World Bank Executive Director, The Netherlands
Mr. Mark Deneer, Ministry of Foreign Affairs, Belgium
Mr. Luc Hubloue, Alternate World Bank Executive Director, Belgium
Mr. Jacques Goedertier, European Commission
Mr. Alejandro Grinspun, United Nations Development Programme
Mr. Ed Miller, The Charles Stewart Mott Foundation
Ms. Carolyn Deere, The Rockefeller Foundation
Mr. Nate Fields, The African Development Foundation
Mr. Hans Jurgen Gruss, The World Bank