

The World Bank and the IMF

Glimpses of the 1991 Annual Meetings -II

by M. Syeduzzaman
Star Guest Columnist

FINANCIAL ISSUES: Will the World Bank and the IMF be short of resources in addressing the new challenges? The US Secretary of the Treasury, Nicholas Brady, did not think so, as far as the World Bank is concerned. He thought that the amount of resources would be adequate, but that the Bank would need to develop new modes of operation. It was reported that discussions had already started on the 10th replenishment of IDA resources — the soft window of the World Bank, providing assistance to the poorest countries. None of the delegates from the donor countries who fund the IDA were very optimistic about substantial increase in resources for IDA-10. Japan made the point, for obvious reasons, that in allocation of IDA resources "Asia should be given as much consideration as sub-Saharan Africa."

The Managing Director of the IMF and several Governors including the Governors of the USA urged for speeding up the process for the 9th Quota increase of the Fund for meeting the needs of the USSR, Eastern European Countries, as well as other developing countries undertaking adjustment measures. The issue of SDR was on a low key this time. Only France and Japan appeared to take some interest and urged continued examination of the twin questions of SDR allocation and modalities for their future distribution. The issue of World Bank's cooperation with the private sector has been under debate for some time. At one stage last year the USA linked increase in the capital of the IFC to earmarking a part of World Bank lending directly to the private sector in borrowing countries.

The US Treasury Secretary

did not miss the opportunity to raise the issue at the Annual meetings. He said: "Time has come for the Fund and the Bank to strengthen their support for the private sector. As countries release ownership of enterprises to the private sector, individual companies in the process of privatisation will need resource flows from the World Bank." Reportedly the World Bank is already reviewing what changes need to be made in the Articles of Agreement in order to permit direct lending to the private sector. The new President of the World Bank, Lewis Preston made clear that the Bank will maintain the right balance between "finance, policy dialogue and technical assistance."

Debt Problem

There was some ray of hope for the low income countries in the discussions. Several important donors suggested that there should be substantial improvement over the Toronto terms (agreed at the G-7 summit in Toronto in 1988) for the "poorest countries." France, Germany and Britain joined voice in this. The proposals include possibility of a 50-60% write off of official debts on a "case-by-case basis." But according to reports available in the meetings the USA "was holding up proposals."

Good Governance

"Good governance" has already emerged as a new and important theme in development parlance. Many feel that good governance may become "the big theme of development economics in the 1990's, just a structural adjustment was the big theme of the 1980's." The Bangkok meeting did not lag behind on this issue. The Group of Twentyfour ministers representing developing coun-

tries, however, shared some unhappiness about this. The communiqué of the G-24 said: "Ministers recognized the need for "good governance" and for effective management of development policies, and they welcomed the possibility of constructive dialogue on all issues related to economic development. However, they urged the Bank to continue to be guided strictly by the limitation of its Articles of Agreement, as elaborated in the legal Counsel's report, and to resist being drawn into political issues." Reportedly some G-24 ministers strongly supported the position of donors on "good governance", and the communiqué reflected an effortful majority view only.

The Asian Experience

Side by side with strong emphasis on the role of the private sector and on privatisation, many Governors highlighted the importance of the Government playing a critical and catalytic role in promoting economic development. It was recognized by most Governors that it is necessary for the Government to complement the "market mechanism and create the kind of environment in which free markets can function effectively." The countries of Asia including Thailand were cited as examples of how this can be accomplished. Statement of the Japanese Governor quoted below is a sublimation of this view: "Experiences in Asia has shown that although development strategies require a healthy respect for market mechanisms, the role of the Government cannot be forgotten. I would like to see the World Bank and the IMF take the lead in a wide-ranging

study that would define the theoretical underpinnings of this approach and clarify the areas in which it can be successfully applied to other parts of the globe."

Observations of the World Bank's Vice President for Africa, Edward Jaycox, however provided some confusing signals in this respect. AFP quoted him as follows: "Africa can learn much from Asia in promoting private sector development and encouraging stronger competition." Economic rather than political reforms are needed, he said, to ensure sustained growth. "There is nothing to suggest that elected governments are better at controlling fiscal and monetary policy," he was quoted as saying. He cited the cases of Thailand and South Korea, currently among the Asia region's fastest growing economies, but effectively both run by generals.

Vietnam

Next to the USSR, Vietnam attracted quite a bit of attention at the Annual meetings. Vietnam has undertaken significant economic reforms and adjustments over the past five years, but its adjustment process has been adversely affected by the continuous economic embargo imposed by the US Government, which has obstructed flow of external resources. Generous flow of resources from the USSR has also dried up. But the Government has continued to pursue reform measures in line with market principles. The macroeconomic adjustment measures so far undertaken by Vietnam would be stronger than many countries with IMF programmes. No wonder that the Managing

Director of the IMF has supported efforts to help Vietnam's economic reforms and its return to the international financial community. The IMF's Board has also praised Vietnam's progress towards developing a market economy and its fundamental economic reform. But the Board could not approve an assistance programme for Vietnam last year due to US objections, even though a package was reportedly worked out for clearing Vietnam's arrears to the Fund, — which was the main contentious issue between Vietnam and the Fund. Since then, over the past twelve months Vietnam has fulfilled all its current financial obligations falling due to the Fund, but the US Govt. renewed the embargo only a few months ago. During the Annual Meetings France arranged a special meeting to discuss financing for Vietnam which is badly needed. Sixteen potential donors including the USA, Japan, Sweden, Australia, IMF and the World Bank attended the meeting. A majority of those attending expressed willingness to provide financial assistance. Countries opposing aid to Vietnam were not identified, but reportedly US opposition was at a lower key than on prior occasions. After the special meeting Japan, France, Australia and Sweden indicated their desire to go ahead with bilateral aid programmes in 1992. From my past association with Vietnam I can only say that the position taken by some major donors in the past two years has significantly harmed the Vietnam economy and prolonged the suffering of its people. With the easing of the political problem in Cambodia, the US has reportedly agreed to relax restrictions this week — and foreign investors are expected to rush to take advantage of Vietnam's liberal investment regime.

Bank President

Lewis Preston was the new boy on the block, making his debut as Chairman of the World Bank. The general feeling in the meetings and in the lobbies was that Preston will be different. Comparing him with his predecessor Barber Conable many felt that Preston would like to put his stamp on the Bank as fast as he can — and a beginning has already been made in the new management structure. He certainly kept his employers and his clients a little confused and guessing when in the opening session of the Annual Meetings he urged developing countries to achieve a balance between the public and private sectors. "Stressing that privatisation was not the only solution to development problems." To quote: "Many countries are trying to enlarge the private sector by selling off state enterprises. But privatisation, which can be complicated and slow, is only part of the answer. Government policy must encourage new and existing entrepreneurs, support the creation of small enterprises and provide a well supervised, efficient financial sector." Mr. Preston's arrival at the bank has generated mixed feelings among the Bank staff, however. According to some "he will bring the New York based view of the World to the World Bank unlike his predecessors who only had Washington based views." Others felt that he is destined to be a "one term" President of the World Bank like his two predecessors, and that is "not good for the institution."

Bangladesh

The Bangladesh delegation had a busy time as is usual in every Annual Meeting. The delegation met the President of the Bank, Managing Director of the Fund, the new Vice President for South Asia, Joe Wood, the new country Director J. Kreshke, and the new Director for South Asia in the Fund Hubert Neiss. They also met Atilla Karaosmanoglu and Ernest stern-two of the three Managing Directors in the new setup of the Bank, apart from many bilateral donors. The Finance Minister and Bangladesh Governor of the Bank gave several interviews which were widely reported in the Bangkok press where he ably explained Bangladesh's development priorities, and urged donors to give legitimate attention to the poor in Asia in the global context. He emphatically said in one press interview that Bangladesh will "not surrender" on reforms, which donors will find reassuring. Though it is not known whether the delegation got ringing endorsement of the Government's performance and implementation of reform measures, reportedly some "green signals" were received about large investments. One thing is certain — both the Bank and the Fund "encouraged" the Finance Minister to stay on course with the reform programme. But we keep this for another day.

Moeen Qurashi

The Bank will not be the same without Moeen Qurashi who retires as Senior Vice

President of the World Bank at the end of next month after 33 years at the Bretton Woods institutions. Moeen started his career with the IMF, came over to the IFC as its Chief Economic Advisor from the position of Deputy Director of the Fund, rose to be the IFC's head before shifting to the World Bank as Senior Vice President in charge of the Bank's finances, and finally worked as Senior Vice President (Operations) after Conables' reorganisation in 1987. Reportedly many of the Bank's European shareholders were upset at Moeen's departure. He will be missed by the developing countries as well. Both Preston and Camdessus paid glowing tributes to Moeen Qurashi in the meetings of his long and dedicated service to the cause of development.

The Whiz Kid

At the Annual Meetings in Bangkok the World Bank unleashed its 37-year-old new Chief Economist (Vice President) Lawrence Summers, a veritable 'whiz kid' with full force. Before he was 30, he was appointed full professor at Harvard after getting his Ph.D. there. His pedigree has become a joke — nephew of Paul A. Samuelson and Kenneth J. Arrow, both Nobel Laureate economists. He delivered several widely attended lectures — on the current economic situation in the USSR and in Eastern Europe, and on privatisation. He was quoted widely during the week, and some of these are: "I think you have to be pragmatic about what works and much of what has been done in the name of correcting market failures has hurt the poor and made outcomes worse. At the same time, there's a need for helping hands as well as invisible hands." "As I look at the world, the fact is that the year in the last 30 when worldwide per capita growth in developing countries was slowest was 1990. And the year in which it was second lowest appears likely to be 1991. What that tells me is that the challenge now is to get growth going and I think that you have to distinguish necessary from sufficient conditions."

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(Concluded)

Law Above Everything Else

What happened on the campus last Sunday was the result of a combination of factors related to the politics of two political parties on the campus, made lethal by the prevalence of fire-arms in both camps. Naturally then, it is foremost a political issue. But when the dispute spills out of the realms of normal, acceptable brand of politics, and into armed, bloody clashes in the heart of the capital city, it ceases to be merely a political issue. It then becomes a law and order issue, a public safety issue, where the responsibility of the Home Ministry, and in particular of the police, is paramount.

On Sunday, the entire campus area through which some of the city's main thoroughfares pass, remained out of bounds for ordinary, tax-paying citizenry of this city. The centre of the capital became a no-go area while hundreds of police and Bangladesh Rifles troops stood as silent, inert observers. Four people — two activists of the Jatiyatabadi Chhatra Dal, one of Bangladesh Chhatra League and an unknown 10-year-old — died while the police observed.

The question exercising our mind is, why did the police not take any action when the battle erupted? During those two and half hours, a large number of arms-holders or terrorists from both the JCD and BCL were in the field. The police, as a matter of rule, should have intervened and captured the hoodlums there and then. But the police failed, allowing terror to get the better of the law.

Just as baffling was police policy in the aftermath of the battle. A full one hour elapsed before curfew was imposed, and nothing was recovered in the subsequent searches of the halls of residence. We do not know why it was necessary for the police to wait an hour before imposing curfew; nor how it was possible for dozens of terrorists to disappear, along with their lethal weapons, when there were so many policemen on duty; nor why the police failed to search a number of halls when it was patently necessary to do so.

We can be sure that the Home Ministry, and high officials of the Police were aware of the gravity of the situation as soon as fighting spread on the campus. People had a right to expect a firm directive from the police high-command for intervention to contain the situation and prevent lawlessness.

It was the police's job to apply "prevention" while we awaited for the cure. We have learnt that two sergeants on duty that day have been suspended, but that "action" is so little, so late that to comment on it would give it credibility it does not deserve. The suspensions may be suspected as an exercise in looking for scapegoats when the true responsibility for the police's failure lies elsewhere.

We all agree with the Home Minister that the problem is an essentially political one, but we also expect the minister to come up with satisfactory answers to questions of law and order (or the breakdown of it). We cannot allow gunmen of political parties to hold the citizenry of this country hostage while politicians grapple for a cure. Breakdown of law and order and bloodshed on such a scale cannot be papered over by Press Notes of questionable accuracy.

In any democracy, the public has a right to expect security of life and property, and it is the law enforcement agencies who should ultimately be held accountable for it.

How to Undermine Good Work

It was not unexpected that in a highly political society such as Bangladesh happened to be for many decades, the so-called NGOs, descending on society as so many Good Samaritans with bags of cash from a bevy of Santa Clauses up there in the North, would somewhat be suspect. It is gratifying to see solid good work done by some of them during the April cataclysm in the coastal districts taking away much of that coat of suspicion. Then it was again a band of NGOs who convinced the media as well as the government that there were some serious post-flood problems in the northern districts. After this it wouldn't be wrong to look at them as regular saviours.

The point is, some NGOs are very effectively filling up gaps — often enough very important ones — left by both government and society. A lot of pioneering and ground-breaking work have been done by them specially in important socio-economic areas. Is it not for the government and the society at large to take the cue from the NGOs, learn from their performances and start filling up those gaps rather than helping the NGOs become permanent fixtures of the nation's socio-economic reality?

There is much edifying material, relevant to a reply to that, in one small aspect of the foreign NGOs' work in Bangladesh. Here is the case:

The most vulnerable and the poorest section of the rural people are women, and in a good many cases the women are divorced, separated or abandoned. In these cases the women head the family with the children. In the villages there is hardly any employment barring the harvest seasons. In this scenario the Rural Maintenance Programme which was funded by the CIDA and managed by the CARE has been playing a pioneering role since the year 1983, in providing full time work to the rural women.

As of now the women are maintaining 60,000 miles of rural roads and earning Tk. 24 a day. The RMP now provides employment to 61,258 women in 4,100 unions, which means 15 women in each union. This programme which has been playing a pioneering role in encountering the worst form of poverty has received assistance to the tune of \$ 70 million. For receiving this assistance the union councils are required to contribute Tk.13,500/00 as the counterpart fund. This year almost all the union councils have failed to provide the counterpart funds though they have five avenues of taxation in raising this amount.

The fit thing for the union councils should have been not only to find the counterpart funds but to extend good work much beyond the 15-women-per-union figure on their own initiative and resources. But the bodies have chosen a contrary path. Why? The answer to that is too complex to deal with in an off-land manner. And the bottom-line of the story is: let the NGOs work upto eternity and find all the funds themselves. It's a regular shame. That's all we can say.

Disabled, in More Senses than One

Estrella Maniquis writes from Manila

IN a small Philippine town lived a woman called Maria. She was hunchbacked and blind in one eye, talked to herself and could only throw stones at people who teased her.

She was good at repairing umbrellas and survived on this, but she lived alone and died alone. No one remembers where she was buried.

Another resident was the "town fool," a drooling boy who moved his limbs like a puppet. But unlike Maria, who was orphaned early, he had a mother who took good care of him and eventually found him a wife.

The contrast in their fates illustrates the dual disadvantage of being disabled and being a woman. The issue was part of the agenda of the United Nations Commission on the Status of Women in its 35th session held early 1991.

It was also the topic that drew 17 experts to a seminar held in Vienna in August 1990 to seek practical measures to meet the special needs of disabled women. The newsletter Women 2000, an UN publication, has reported on the seminar.

Some of the disability in the developing world, the participants found, affect women foremost because of their inferior status in society. These factors include poverty, malnutrition, illiteracy, ignorance and the related risk of disease and lack of health care.

Because of their gender, disabled women face difficulties from which disabled men are often spared, the seminar noted.

Finding an able spouse, for example, seems harder for disabled women than men.

The dual disadvantage of physical handicap and gender discrimination is coming under increasing scrutiny at the international level

Probably because of their traditional role as caregivers, women have shown more readiness than men to marry someone with a disability.

Society seems to disapprove of the disabled women who wants to have children, as if her disability makes her an unfit mother. Such disapproval, however, does not seem to extend to men.

Information and services related to the needs of disabled mothers are not within easy reach, if available at all. The experts found. Marriage breakdown rates are higher for disabled women than for disabled men, and a woman is less likely than a man to seek divorce from a partner who becomes disabled after marriage.

A country paper presented at the gathering observed how handicapped women suffer in particular in countries beset by the "Venus syndrome," where a premium is placed on physical beauty to the exclusion of other human attributes.

Discussions further noted how getting an education — already problematic for girls who are expected to stay home and help with mothering and housekeeping tasks — can be doubly difficult for the disabled who also have to contend with problems of mobility, transport and negative attitudes.

For those at school, the assumption that handicapped women will not go out to earn a living makes it less likely for the girls to be encouraged to continue their schooling. The opposite is true for male disabled, whose role in the family is still perceived as that of breadwinner.

In the matter of rehabilitation, it was noted that more skills training programmes specifically for disabled women are being set up. Leadership and management training is also offered by several organisations to help the women develop self-confidence and the ability to be active members of society.

But on the whole, rehabilitation programmes for the disabled are geared to the men. Often, the women are rehabilitated into home-based or part-time jobs while the men are trained for eventual participation in the regular workforce.

Not surprisingly then, disabled, women's lack of education and training — combined with the thinking that they, unlike the men, are not expected to be economically independent — make them poor contenders for better-paying jobs, or any job.

The spiral of disadvantages extends to social security benefits. Disability pensions, for

example, are more apt to go to the men.

A paper on disabled women in Norway cited a case brought before the Equal Status Council — that of a disabled woman whose request for financial support to buy a car was rejected "because she was married." Authorities apparently were of the thinking that her husband, although with a full-time job, could drive the woman around.

Sexual violence is something disabled women are particularly vulnerable to. The reasons are many. Over-protected by their parents, disabled girls grow up largely ignorant of their sexuality. They do not learn to become assertive, but tend to be compliant so as not to lose people's affections and attention. Their dependence on caregivers makes them vulnerable to abuse by others, including the caregivers themselves.

The seminar came up with 77 recommendations which it presented to the UN Commission on the Status of Women for its 35th session. The subject will again be taken up by the Commission in its 36th session in 1992, under the priority theme "integration of women in development."

People with disability are estimated by the World Health Organisation to compose more than 10 per cent of the world's population.

In Burma, 46.6 per cent of the disabled are women. Corresponding figures are 45.3 per cent in China, 37.7 per cent in Nepal, 55.5 per cent in Pakistan, 41.9 per cent in the Philippines, 43 per cent in Lanka and 42.4 per cent in Thailand. — *Depthnews Asia*

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Trifle preoccupations

Sir, Now that the Presidential election is over, it is time to reflect on some of the psychological complexes of the new leadership elected to the Parliament, smarting under the trauma of a decade of autocratic rule. Sensitivity and safety-firar factors seem to have warped the foresight of the nation, reacting initially to within-the-horizon implications — which could be explained by using the term "over-reaction".

There are two main areas looming in the foreground: the hasty return to parliamentary form of government; and the lobbying for a consensus candidate for the Presidency. Both these extra-curricular activities are based on suspicion. Statesmanship cannot survive on suspicion; and the government and the administration

cannot run smoothly and efficiently based on suspicion or mistrust. This principle applies equally at home, in business, or in personal relationships, generally speaking.

The propaganda for a consensus candidate for the Presidency is unfortunate, and is a reflection on the candidate/s for this august post, as no chosen President would dare or care to lose his face in running this exposed office. Deep inside a normal and qualified person, there are built-in devices to act properly at all times, irrespective of the duties and responsibilities of the post held.

We citizens expect the leadership to rise to the occasion and deliver the goods. That is why we have chosen them — not to waste time over Platonic debates.

A Mauaz
Dhaka

G-50

Sir, One of the vivid benefits of the 11th Commonwealth Heads of Government Meeting in Zimbabwe was Bangladesh's description of Commonwealth as "a powerful forum to pursue political dialogue and consensus-building because of its diversity", which sounded like the hitherto missing cornerstone of the house of the ex-colonies, that will definitely persuade Commonwealth to re-evaluate its prowess in terms of intellectual insights as well as of rational capacities.

Bangladesh also emphasized "the need for achieving self-reliance by each of the Commonwealth member-states for realising the goals of freedom from political oppression, vindicating human rights, as well as attaining social and economic emancipation", which will probably help others learn the way she herself is heading.

Bangladeshi perception enunciated at the grand summit that "people's prospects for economic and social progress could not flower without participatory democracy and without improved

standard of living and vision for future to sustain democracy" unveiled her stand committed to producing the fruits of her won democracy soon.

The stance of Bangladesh in the association was asserted by her suggestion that "Commonwealth priority must reflect an increasing emphasis on promoting country-specific economic development." A Commonwealth citizen may naturally wonder why not a common strategy for a common goal with common wealth.

As one of the select speakers on the host's welcome address, Bangladesh appeared to have aroused interests in the new democratic government's representation at the Group-50.

Along with this positive impression at the meeting coupled with an inherited colonial background, Bangladesh can hope their views and expectations presented to the fellow Commonwealth members have been well heard.

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Democracy: a conditional blessing

Sir, The sail of democracy now has got strong wind almost throughout the world. But not many actually know the real significance and value of democracy. Some say, it is a system or a method or a phenomenon, while in true sense, democracy is a principle of the people, by which a government is formed by the people and it is so formed for the people. Whether they know it or not, it is absolutely a people's matter. Conditionally it comes to them who think for each other, stays with them who have love for each and works for them who tolerate each other. Any government that can fulfill these conditions may hope to enjoy the fruit of democracy in its broader sense.

In development, many countries have been guided by democracy. But many third world countries have yet to go far to get its fruit. People in these countries are not properly-educated and as such can not keep up with the age. They remain busy rather in making up, instead of going up.

Education brings civilization which onwardly, in present age, brings democracy. Resourcefulness, however, also plays a vital role in that. When education with resource, and exploration with production get co-ordinated, then democracy gets a sustenance.

In greater sense, democracy has its elements like education, environment, industriousness, resource and co-operation. In absence of any of these elements a proper democratic government is feared to be formed, lasted and run smoothly. Other way round it can be said that: 1) Democracy is little understood by the uneducated people. 2) It does not stay with them who are not industrious. 3) It is hardly secured in a resourcelessness. 4) Democracy does not get geared up if the people do not co-operate with each other.

So, it is observed that democracy comes against some conditions and stands on some elements. Any democratic government, for its existence, must meet the demand of democracy.

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